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ABSTRACT

The effectiveness of the Workforce Investment Act (WIA) of 1998 was critiqued. WIA was praised for providing an avenue for communication among state and local agencies during development of workforce development plans, potentially allowing individuals to choose from a wider array of services and service providers, spreading the concept of one-stop career centers nationwide, and potentially providing for sharper and more meaningful focus on local outcomes. The following shortcomings of WIA were identified: (1) its "work first" commitment makes training a last resort; (2) it lacks a coherent mission; (3) it fails to provide additional monies for improved labor market information systems; and (4) its youth component limits services to the economically disadvantaged. Fifteen specific recommendations for addressing these weaknesses were presented, including the following: (1) allow training operators to serve all dislocated and disadvantaged workers otherwise unable to qualify for and obtain jobs providing family-sustaining earnings; (2) encourage states to launch their own independent workforce

development crusades, utilizing federal programs as resources consistent with state objectives; and (3) make federal poverty guidelines consistent with current standards of living, national mores, and variations in the cost of living across states and local areas. (Nineteen tables and 18 references are included.) (MN)

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A Second Chance for the Fourth Chance

A Critique of the Workforce Investment Act of 1998

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Policy Issues
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**A SECOND CHANCE FOR THE FOURTH
CHANCE:**

**A CRITIQUE OF THE WORKFORCE
INVESTMENT ACT OF 1998**

AND

**A CHALLENGE TO STATE AND LOCAL
WORKFORCE INVESTMENT BOARDS**

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January 1999

Sar A. Levitan

The Sar Levitan Center for Social Policy Studies at the Johns Hopkins University was organized in 1995 to commemorate and extend the works of Sar A. Levitan, public policy commentator extraordinaire who died in May 1994 after 44 years of selfless public service on the national scene.

Levitan came to Washington in 1950 after military service and completion of his Ph.D. in Economics at Columbia University to serve on the staff of the Korean era Wage Stabilization Board. He remained thereafter with the Legislative Reference Service, researching and enlightening at congressional request issues related to labor relations, employment and economic development. On loan from LRS, he served on the staff of Senator Eugene McCarthy's 1959 Select Committee on Unemployment, in 1960-61 as Deputy Director of the Presidential Railroad Commission and then as advisor to Senator Paul Douglas in the formulation of the Area Redevelopment Act, the start of the Kennedy New Frontier.

Aware that pioneer social policies would need friendly critics to keep their administrators focused, he obtained a grant from the Ford Foundation which the Foundation itself has described as the longest lasting and most productive in its history. For thirty years thereafter, he was to advocate, evaluate, criticize, or praise (wherever and whenever deserved) every significant legislative act, policy and program related to employment, education, training or poverty during those tumultuous years.

Levitan was not satisfied with a 36-page bibliography of books, monographs, articles, congressional testimony and speeches. When cancer ended his life just short of his eightieth birthday, he left the bulk of his life savings to the National Council on Employment Policy, an organization he had helped organize and then single-handedly perpetuated, charging his closest friends to continue his life's crusade.

The NCEP in turn funded the Sar Levitan Center for Social Policy Studies, which is the sponsor of this publication series.

Therefore to Sar A. Levitan this publication is lovingly dedicated.

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Summary

The Workforce Investment Act of 1998 (WIA), passed by the Congress and signed by the President of the United States in August 1998, is the fourth in a 36-year series of federal programs designed to aid low income and dislocated workers to either avoid falling into or assist in the climb out of poverty. The previous acts in this series, the Manpower Development and Training Act of 1962 (MDTA), the Comprehensive Employment and Training Act of 1973 (CETA), and the Job Training Partnership Act of 1982 (JTPA), though they accomplished a great deal of good, all had the common weakness that they sponsored training of such short duration that the occupations they prepared for all too often paid only poverty level wages. At the beginning of 1998, we published a critique of preliminary legislation then before the Senate and the House of Representatives, recommending measures designed to overcome this weakness and prepare those enrolled to emerge with skills commensurate with family-supporting earnings, ultimately rising to 165 percent and 200 percent of the current official federal poverty thresholds. Since the target populations for these programs shared out-of-school status, they having prepared inadequately in their first chance at labor market preparation, we called that monograph *A Fourth Chance for Second Chance Programs: Lessons from the Old for the New*. Now that those acts we critiqued have been melded into WIA, we examine here that act's potential for meeting this challenge.

Though the new act has its strengths which we enumerate, it has two foreboding weaknesses from the adequate earnings vantagepoint: (a) its strong "work first" commitment makes training a last resort. That is, its funds can be used for training only those adults who cannot obtain or retain employment of any kind including low wage jobs—without such training; (b) before being considered as a source for funding training, WIA's limited dollars can also be used to provide placement-related services not limited by any socioeconomic characteristics of its recipients. To the extent states choose that alternative, the issue of whether and who to train may often not even arise. Those weaknesses, as we herein advise, could be remedied in any of three ways: (1) Congress still

has time to modify the language of the law before it takes effect, (2) the Labor Department's regulation writers could soften the training limitations, or (3), and most likely, each state could use the WIA funds along with other federal and state resources in a workforce development plan of its own design, dedicated to the family-sustaining wage target. Chapter 7 offers specific recommendations for accomplishing all three.

The following pages describe the challenges facing the nation in this regard and chart how those objectives might be accomplished. Hence the meaning of the title of this monograph: providing a second policy-making chance to hit the target we posted for the fourth chance at workforce development legislation.

Chapter One

The Need for a Second Chance at the Fourth Chance

Introduction

On 7 August 1998, the President of the United States signed into law the Workforce Investment Act of 1998. It had emanated from three years of deliberation by the Congress of the United States. It represents the fourth in a series of workforce development laws going back 36 years with a common purpose: To improve the employability and long-term earnings of people who were either:

- in the job market but struggling to overcome poverty,
- on the verge of entering the job market under-prepared,
- permanently dislocated from employment which had provided an adequate income, or
- public charges, unable to support their families despite having the potential to do so.

This series of acts—the Manpower Development and Training Act of 1962 (MDTA), the Comprehensive Employment and Training Act of 1973 (CETA), the Job Training Partnership Act of 1982 (JTPA), and now the Workforce Investment Act of 1998 (WIA), all shared the continuing objective of enabling the above groups to:

- rise out of poverty through their own efforts
- avoid the danger of falling into poverty
- move upward during their work lives to a family-sustaining income

In addition, and as an aside, by working more or at better pay, successful participants would contribute to the output of the nation's economy and to the future tax revenues of federal, state and local governments, thereby making life better economically for their fellow citizens as well.

The assignment has been a difficult one. None of these previous acts

has been totally successful, and there has been a constant effort to improve them or replace them by another and more effective program, typically dedicated to the same purposes. Whether WIA will further that cause remains to be seen. Each of the acts had made some substantial departure from the previous ones. MDTA had been primarily designed in 1962 to retrain experienced workers displaced by technological changes then described as automation. That issue was shown to be premature as economic recovery brought re-employment to most of those who were experienced workers. MDTA was re-addressed in 1964 as a key weapon in the emerging national "war on poverty," targeting some two-thirds of its training effort on the economically disadvantaged. CETA added a substantial public service employment component to the anti-poverty weaponry, while at the same time decentralizing to the state and local level much of the decision-making guiding the program. JTPA removed the public service employment provision, at the same time eliminating the payment of stipends to support those undergoing skill training and raising the level of employer participation in the state and local decisions. WIA portends even more marked departures from its predecessors. Paradoxically, despite its Workforce Investment title, it declares a congressional emphasis on immediate placement of adults in jobs consistent with existing skills and suggests a relegation of job training to a service of last resort for the most marginally employable. The act's Title I, Workforce Investment Systems, as written, signals that preference in several ways:

- The act's Section 134, Use of Funds for Employment and Training Activities, in (c) provides for a "one-stop delivery system" offering "core" job placement services [(d)(2)] which include most of the services an ideal public employment service could be expected to provide. It makes those services available to all applicants, regardless of socioeconomic or employment status, thus enabling WIA funds to be used to supplement ever-scarce Wagner-Peyser Act appropriations. This "back-door" reversal of the persistent under-funding of the public employment service over the past two decades will be attractive to many states. Provision of these universal services could absorb all of the WIA appropriations for services to adults conceivable under current political circumstances. Priority to the disadvantaged and dislocated for these core services is eliminated. As such placement

services are emphasized, the proportion of WIA funds available for skill training will inevitably be reduced. Hence, training appears as a service of last resort in the utilization of funding.

- After offering "core" placement services to all, the act authorizes "intensive" counseling and career planning services [(d)(3)(A)] to those who "are unemployed and are unable to obtain or retain employment through core services" or who, though employed, need such intensive services "to obtain or retain employment that allows for self-sufficiency." However, according to (d)(4)(A), training services are available only to those who, after receiving intensive services, "are unable to obtain or retain employment through such services." Again, training is cited as a service of last resort, available only to those who cannot find employment at any job, apparently regardless of the wages or working conditions involved. Within that restriction, (d)(4)(E) does give priority to "recipients of public assistance and other low income individuals" in the expenditure of scarce funds for intensive and training services. However, that priority applies only to the funds left after core services and, for training, applies only to those unable to obtain or retain any job. Once again, training is perceived as a last resort strategy.
- Workforce Investment Act training services, according to (d)(4)(B), are to be available only to those unable to "obtain other grant assistance for such services, including Federal Pell Grants." All economically disadvantaged adults and most dislocated workers are eligible for Pell Grants if they are eligible for and seeking the types of education at the types of educational institutions for which Pell Grants are designed. Therefore, WIA is also a last resort among alternative sources of financial support for training services.
- Those priorities are also indicated by the level of appropriations for fiscal year 1999. Appropriations for dislocated worker services comprise \$1.4 billion and for disadvantaged youth \$1.25 billion compared to \$955 million for non-dislocated adults. The latter monies are not limited to any specific socioeconomic groupings, though, as noted above, low income adults and public assis-

tance recipients get priority for intensive and training service expenditures when funds are scarce as they inevitably will be. Hence, though non-dislocated adults merit the lowest WIA funding priority and training remains the last resort among WIA services, at least, when that resort is reached, the economically disadvantaged can be first in line for whatever funding is left.

Under date of January 1, 1998, as individuals who had spent many years laboring in the employment and training vineyard, three of us published a monograph in this series entitled *A Fourth Chance for Second Chance Programs: Lessons from the Old for the New*.¹ Our hope was to advise both the members and staff of congressional committees struggling to create new legislation, and state and local practitioners struggling to carry out the mandates of the old while awaiting the new, as to the lessons experience had to offer as they continued this long and worthy crusade. Now, at the close of the 105th Congress, we return to ask, "How well did Congress do its job? What strengths may need to be enhanced and what weaknesses remain to be remedied? How should state and local policy-makers and program operators respond to continue and increase the effectiveness of this enduring series of programs?"

The adjective use of the term "second chance" in our *A Fourth Chance for Second Chance Programs* referred to the fact that the programs of the past which we were reexamining in search of lessons for the future were designed to improve the employment prospects of those who had already been through and had departed from the school systems which had been their first chance at labor market preparation and now needed a second chance to succeed in the labor market. One year later, accepting the Workforce Investment Act of 1998 as written, though recognizing the possibilities provided by the regulations process or subsequent amendments, we offer a second chance for the fourth chance by suggesting to states how they might react to overcome provisions not consistent with their own objectives and continue the now 37-year pursuit of employability and employment at family-sustaining wages.

Just because Congress appears to have made training its last resort, states do not have to agree. Wide areas of discretion exist within the use

of WIA funds and through interactions among a wide variety of federal and state funding sources related to workforce development. The 36 year priority does not have to be abandoned. In fact it should and can be intensified. It is our conviction that access to reasonably secure employment at family-sustaining wages should and can be the objective of state workforce development efforts. It is the purpose of this monograph to demonstrate how that objective can be accomplished within the economic realities of a new century and millenium and within the constraints of existing federal law and policy.

Strengths and Weaknesses of the Workforce Investment Act of 1998

Building on 36 years of experience with what had been known first as manpower development programs, then employment and training programs, and are now generally called workforce development programs—MDTA, CETA and JTPA—Congress in 1998 exercised a fourth chance to “get it right” with WIA. That act has some substantial strengths:

- Though it does not unify authority over the various programs and services relevant to workforce development, the act does require State Workforce Investment Boards and Local Workforce Investment Boards to include as members representatives of most of the agencies responsible for such programs, thus providing an avenue for communication during the development of the required five-year state and local workforce investment plans. Potentially even more important, Title V of the act authorizes, but does not require, any state to develop and submit for approval a state unified plan covering nearly every federally-funded employment, training and public assistance program, thereby promoting coordination across and among these programs.
- It provides for individual training accounts, potentially allowing individuals to choose from among a wider array of services and service providers.
- WIA spreads nationwide the promising, though untested, concept of one-stop career centers, until now available primarily on a pilot project basis in a few states.²

- It encourages the design of a more comprehensive and coordinated employability development system for out-of-school youth and young adults and provides substantial funding for exemplary programs on behalf of out-of-school and at-risk youth and young adults in heavily impacted poverty areas.
- It calls for more rigorous and systematic measurement of program outcomes under Titles I and II of the act, Title II encompassing Adult Education and Literacy.
- The act provides for negotiated state and local performance measures, potentially providing for sharper and more meaningful focus on local outcomes.

Unfortunately, from the viewpoint of the long history of employment and training programs, some of the act's current weaknesses offset its strengths. In addition to its major weakness—designation of training as a last resort, it also:

- Lacks a coherent mission statement and statement of findings underlying the need for such programs
- Utilizes outdated and inappropriate allocation formulas
- Does not provide additional monies for development of improved labor market information systems at the state and local levels which are critically needed for the planning and design of workforce development programs
- Unlike its services to adults, the act limits youth services to the economically disadvantaged, making more difficult the advent of comprehensive programs for out-of-school and at-risk youth

This language as it stood at the end of 1998 was not written in stone. Congress, if it chose to do so, could amend the act even before it takes effect, clarifying or modifying language to eliminate some of these shortcomings. States and localities can begin applying the new provisions as early as February 1999 if they choose to do so, but the Job Training Partnership Act does not expire until June 30, 2000. The U.S.

Department of Labor is required to provide interim final regulations by February but is not required to publish final regulations for the new act before 31 December 1999. Congress could amend Section 134(d)(4)(A)(I) which now denies training services to anyone able to obtain and retain the most rudimentary job following the receipt of intensive services to read something like

"funds allocated to a local area...shall be used to provide training services to adults and dislocated workers, respectively, who have met the eligibility requirements for intensive services...and who are unable to obtain or retain employment through such services that allow for self-sufficiency,"

thus making (4)(A) parallel to (3)(A) in that regard. Self sufficiency wages could then be defined by the Department of Labor in the regulation writing process at levels we advocate below. Whether the applicant had the skills to obtain employment at that wage could either be tested by assessment or demonstrated by job search. Alternatively, Department of Labor regulation writers could, after informal consultation with congressional staff, define the word "employment" in (4)(A) to mean employment at wages commensurate with household self-sufficiency. Absent either of those actions at the federal level, State Workforce Investment Boards will be left to pursue their own goals within the limits of the law as written. That will not prove an overwhelming challenge for those states and localities prepared to clearly identify their own goals and objectives, inventory all of the resources available including those from the variety of extant federal and state programs relevant to workforce development, and then plan for and pursue those objectives rather than perceive themselves only as servants responding to federal bidding.

But, before we address that eventuality, we review the demographic and economic challenges which lead us to advocate an expanded rather than contracted role for workforce development.

Chapter Two

The Looming Challenges of Workforce Development

Noting one year ago that the U.S. House of Representatives had passed H.R. 1385, The Employment, Training and Literacy Enhancement Act, while the Senate was considering the Workforce Investment Partnership Act, we took it upon ourselves to offer advice to the members and staff of the Congress drafting these bills and also to state and local administrators engaged in administering existing workforce development legislation and confronted with the task of transforming into programs whatever authority and resources Congress in its wisdom delegated to them. We re-examined 36 years of employment and training program experience in search of lessons that might inform the writers and eventual administrators of the impending legislation. We identified and advocated many lessons to be learned from the experience, but the most persistent shortcoming of past programmatic efforts in our view had been abortive attempts to do too much with too little. Because the numbers potentially eligible for the programs far exceeded those that could be served with available appropriations, training durations were generally kept so short that training for well-paid jobs was rarely possible. The added fact that stipends to support trainees had been unavailable since 1982 was another factor pushing local programs toward short-duration training for low-paid employment. That had been the primary shortcoming of the second chance workforce development effort throughout its 36-year history. But the need for a second chance was not declining. The nation faced:

- a persisting decrease in real annual earnings for all but the best educated
- an impending surge of youth and young adults under 25 into the labor market over the next decade
- declining labor force participation by older male workers, especially those lacking post-secondary schooling

- rising numbers and, often, lower qualifications of immigrants
- the employability and employment deficits of single parents impacted by welfare reform who would need to find jobs in response to term limits

It is worth summarizing our conclusions on each of those portents:

Declining Real Wages

A quarter-century decline in real wages on the average for nearly all of those lacking a four-year college education had slackened somewhat in the past year or two under the pressures of improved labor market conditions which pushed national unemployment rates lower than had been seen for some 25 years. There was no reason, however, to expect the low unemployment rates to continue uninterrupted nor real wages for the under-prepared to rise in the absence of tightened labor markets and improved productivity. The reality remains that in normal times the numbers of the poorly educated and lowly skilled substantially exceed the labor market demand for them, while only the best-educated and well-prepared enjoy continued labor market pressures in their favor. Despite a substantial drop in overall unemployment levels since 1992, there were still five years later in a typical month nearly 16 million persons 16 years of age and older who were unemployed, working part-time for economic reasons, or members of the labor force reserve, that is wanting a job but not actively seeking work. In addition, another 18.3 million adults ages 22-64 worked full-time for at least six months during the year but were unable to earn an average weekly wage at or above \$300, the weekly earnings needed by a family of four to reach the federal government's poverty line.

A New Tide of Youth and Young Adults

The number of 18-24 year olds in the U.S. population fell by nearly 5 million or 16.5 percent between 1981 and 1994, reducing their competition with each other in the labor market and making it theoretically easier for the economy to absorb those young adults who sought employment. Nevertheless, between 1979 and 1996, the median weekly earnings of full-time employed young men declined from 62 percent

to 51 percent of the median weekly wages of men 25 years of age and older. But now, the numbers of young adults 18 to 24 years of age are slated to grow at a minimum by 5.2 million or 21 percent between 1995 and 2010. This rate of growth for young adults will outstrip that of the 25-64 year-old population group, thereby placing added supply pressures on the young adult labor market. The wage implications without offsetting labor demand policies are obvious.

The Declining Labor Force Participation of Older Men

At the other end of the age distribution, since the mid-1970s, labor force participation rates had been falling for every age cohort of males from ages 40 to 69 with the sharpest and deepest declines for those with the lowest education. By 1996, only 82 of every 100 men in their early 50s were employed, declining to 70 percent for those in their late fifties and to 50 percent by age 62. Improved economic well-being of these premature retirees has not been the primary cause of their early labor force withdrawals, as evidenced by the facts that the lower the education levels the lower the labor force participation rate and that reliance on Social Security Disability and Supplemental Security Income by male non-participants was rising rapidly.

The New Immigrants

Of concern also is the fact that many new immigrants, who now comprise nearly 40 percent of annual labor force growth in the nation and over 100 percent in the Northeast region, are characterized by relatively low educational attainment. That fact has contributed substantially to the decline in average real wages, both for less-skilled immigrants and for those native born workers of limited skills and education with whom they compete in the job market. In fact, recent studies attribute nearly one-half of the decline in the real wage position of high school dropouts to immigrant competition.³ Both of those groups are obvious targets for enhanced training efforts.

And Then There is Welfare Reform

All of these developments are occurring simultaneously with a concerted push at the national and state level to "end welfare as we have

known it," with all but a handful of former public assistance recipients expected to be gainfully employed through a "jobs first" rather than a "workforce investment" approach by 2002.

How to respond to these demographic and labor market forces without further real wage stagnation and rising wage inequality was the burden of *A Fourth Chance for Second Chance Programs*.

Chapter Three

The Effectiveness of Workforce Development Programs

The best available guide to the likely outcomes of future efforts are the demonstrated results of similar efforts in the past. Recent JTPA outcomes are illustrative of the results of workforce development programs as anti-poverty weapons over more than one-third of a century.

JTPA Outcomes

To the extent that a primary objective of past workforce development programs has been to enable families to rise out of poverty, the results have been less than impressive. In order to appraise those results, a sense of magnitude will be helpful. JTPA has targeted economically disadvantaged adults in its Title II-A, economically disadvantaged youth in Titles II-B and II-C, and dislocated adults in Title III. Table 1 compares the number of adults terminating from JTPA Title II-A enrollment during the 1997 program year with the number of adults in the U.S. population eligible for Title II-A services during that year. With funding available to enroll and provide services to only 1 percent of those economically disadvantaged adults Congress had declared eligible, little impact on the total problem of poverty could be expected, though the impact on the individual enrollees might well be substantial.

Not only have the proportions of those eligible for training who have actually been enrolled under JTPA and its predecessors been infinitesimal, the overall enrollment and termination numbers are misleading as to the amount of employment-related training experienced by those who did enroll. As Table 2 demonstrates, one-fourth of those who terminated from JTPA Title II-A during program year 1996 had received objective assessment only. That is, they were assessed to determine their need for training but were not thereafter enrolled for training. In addition to that, another 7 percent enrolled for training but left without actually receiving any training of any sort. Others received basic skills training, work experience or other training which may have been impor-

Table 1.
Estimated Number of 22-29 Year Olds Eligible for JTPA Title II-
A in 1997 Compared to the Number of 22-29 Year Old JTPA Title
II-A Terminees by Gender and Age, 4/1/96-6/30/97

Demographic Group	Number of Eligibles	Number of Terminees	Terminees as % of Eligibles
All	26,637,000	265,281	0.99%
Gender			
Men	10,995,000	85,191	0.77%
Women	15,642,000	180,090	1.15%
Age			
22-29	6,412,000	108,138	1.69%
30-34	10,599,000	125,643	1.18%
45-69	9,626,000	31,241	0.32%
Age/Gender			
Men 22-29	2,583,000	30,755	1.19%
Women 22-29	3,829,000	77,383	2.02%
Men 30-34	4,448,000	41,567	0.93%
Women 30-34	6,151,000	84,076	1.36%
Men 45-69	3,964,000	12,757	0.32%
Women 45-69	5,661,000	18,484	0.33%

Source: Eligibles from March 1998 CPS surveys, terminations from U.S. Department of Labor SPIR96 data, tabulations by Center for Labor Market Studies, Northeastern University. Note: Terminees include those receiving objective assessment only.

tant to the recipients thereof but did not include occupational training to directly prepare them for employment. Only 47 percent of those enrolled during that program year received any occupational skill training, while another 8 percent received on-the-job training. Those facts do not deny the importance of the training received to those who received it, but is worth noting that only approximately three-quarters of one percent of those made eligible by their poverty incomes were provided with a second chance at employment preparation and that only one-half of one percent of those eligible were given a second chance that included occupational skill training or on-the-job training.

Table 2.
Distribution of JTPA Title II-A Terminees Receiving Services by Type of Training

Received	Number	% of Total Including Objective Assessment?	
		Yes	No
Total terminations	265,281	100.0	
Objective Assessment Only	65,551	24.7	
Total Beyond Objective Assessment	199,730	75.3	100.0
Basic skills only	18,613	7.0	9.3
Occupational skills only	93,110	35.1	46.6
OJT only	16,199	6.1	8.1
Work experience only	4,858	1.8	2.4
Other only	8,975	3.4	4.5
Multiple training, total	39,653	14.9	19.9
Multiple, incl. Basic Skills	24,718	9.3	12.4
Multiple, incl. Occ. Skills	32,398	12.2	16.2
Multiple, incl. OJT	6,322	2.4	3.2
No training	18,322	6.9	9.2
Rec'd some basic skills training	43,331	16.3	16.9
Rec'd some occupational skills trng	125,508	47.3	62.8
Received some OJT	22,521	8.5	11.3

Source: SPIR96 data, tabulated by the Center for Labor Market Studies, Northeastern University Note: Number of terminees does not add to total because of double counting of those receiving multiple services.

It is not to be expected that all of those who enroll and subsequently terminate will be promptly placed in jobs. Some will terminate without completing significant amounts of training, some will not be successful in their training courses, some will experience family or personal obstacles, jobs may not be available for some and some may choose to

remain out of the labor market for a variety of reasons. Therefore, the approximately two-thirds immediate placement rates and subsequent employment rates at 13-week follow-up have been fairly standard (Table 3). The fact that those undergoing on-the-job training and occupational skill training have the highest employment rates is significant. What may not be immediately apparent is the significance of the wage rates at terminations and follow-up.

Table 3.
Employment Rates and Wages of the Employed at Termination and Follow-up, by Services Received, Title II-A Individuals Who Terminated Between 1 April 1996 and 30 June 1997 (SPIR96)

Type of Training	Number of Terminees	Outcomes at Termination Percent of Total	Employed at Termination	Mean Hourly Wage	Outcomes at Follow-up Employed at Follow-up	Mean Weekly Wage
Total	199,730	100	65.1%	\$7.52	65.5%	\$291
Basic Skills Only	18,613	9.3	48.8%	6.43	53.2%	248
Occupational Skills Only	93,110	46.6	67.5%	8.08	67.9%	313
OJT Only	16,199	8.1	81.1%	6.75	74.6%	270
Work Experience Only	4,858	2.4	45.4%	5.89	52.2%	198
Other Training Only	8,975	4.5	60.2%	7.12	56.9%	253
Training Combinations	39,653	19.9	68.6%	7.27	65.7%	278
Received No Training	18,322	9.2	54.8%	7.35	62.3%	250

Note: Outcomes at follow-up are based on weighted data covering only those in the follow-up sample which was approximately 43% of the number of terminees.

Our earlier publication demonstrated that the average weekly placement wage under JTPA Title II-A programs was insufficient for a one-earner family to rise above poverty, except for very small families (Table 4).

Table 4
Mean Weekly Earnings of JTPA Title II-A Terminees Employed at Time of Termination by Gender, Age Subgroup and Family Relationship Status by Number of Dependents (Persons who terminated between April 1, 1996 and June 30, 1997)

Poverty Weekly Wage	Total	None \$152	One \$204	Two \$256	Three \$309	Four or More \$361
Gender						
Total	\$280	\$288	\$278	\$275	\$274	\$272
Male	310	302	325	325	331	325
Female	265	268	267	264	261	258
Age Subgroup						
Under 25	269	277	270	262	255	248
25-34	279	290	281	273	271	265
35-44	288	293	282	283	286	286
45-54	289	292	277	290	288	295
55-64	268	266	276	288	317	324
65 and over	213	211	269	260	—	—
Family Status						
Parent in One-Parent	269	287	273	268	264	261
Parent in Two-Parent	292	276	298	292	293	288
Other Family Member	278	279	275	270	286	283
Not Family Member	290	290	289	283	306	311

Source: SPIR96 data, tabulated by the Center for Labor Market Studies, Northeastern University.

Those low placement wages we attributed primarily to the short training durations, consequent to attempting to spread the limited funds over as many of the eligibles as possible (Table 5). Keep in mind in considering these training hours that the average academic year involves approximately 1200 hours of classroom time. Only one-fifth of those enrolled in multiple training formats achieved even three-fourths that number of hours of training.

Table 5
Mean and Median Hours and Quintile Boundaries of Hours and Services Received by JTPA Title II-A Terminees by Type of Training Received (SPIR PY96 data)

	Basic Skills Only	Occup. Skills Only	Work OJT Only	Exper. Only	Other Only	Multiple Training
Mean hours	232	556	378	417	87	605
Median hours	120	325	320	400	20	402
Percentile						
20th	30	120	160	198	8	157
40th	80	241	276	324	17	310
60th	167	450	366	480	30	520
80th	324	864	520	499	91	900

Table 6 demonstrates the positive correlation which exists between the training duration for Title II-A occupational skills training programs and the average placement wage. However, only 10 percent of 1996 occupational skill training terminees and 5 percent of all terminees were trained long enough to reach the \$7.72 hourly wage required to achieve the poverty income threshold for a family of four at the time.

Table 6
Title II-A Placement and Follow-up Wages by Training Duration, 4/1/96-6/30/97 Terminees

Training Hours	Total Service Hours			Occupational Skill Training Hours		
	Percent of Total	Median Termination Wage	Median Follow-up Wage	Percent Of Total	Median Termination Wage	Median Follow-up Wage
Total	100.0	\$7.00	\$263	100.0	\$7.00	\$263
Zero Hours	17.3	7.00	278	43.0	6.50	250
1-479	54.2	6.90	250	36.3	7.00	260
480-639	8.7	7.00	267	5.7	7.50	280
640-799	5.0	7.00	272	3.5	7.50	280
800-959	3.4	7.00	275	2.4	7.50	280
960-1199	3.7	7.24	280	2.7	7.72	290
1200-1439	2.4	7.50	300	2.0	8.00	310
1440-1599	1.3	8.00	300	1.2	8.00	311
1600-1919	1.5	8.00	320	1.2	8.15	327
1920-2079	0.5	8.00	320	0.4	8.13	320
2080 and above	2.1	8.00	319	1.6	8.38	320

Source: SPIR 96 Data. Wages are averages for those employed of the numbers contacted.

The Deteriorating Poverty Standard

But short training durations are only part of the problem. A major challenge to anti-poverty policy in the 1990s has been the deterioration of the poverty standard over the 35 years of its life. When the federal

government launched the "war on poverty" in 1964, it established a set of definitions and measures based on food costs as a proportion of typical household expenditures to indicate who was poor and eligible for help and tell whether and what progress was being made toward poverty alleviation. However, by the mid-1990s, food costs had slipped substantially as a percentage of the budgetary expenditures of the average low income family while shelter expenses had risen dramatically. In 1964, the poverty threshold for a four person family had been equal to 43 percent of the pre-tax and 50 percent of the post-tax median family income. In 1996, it was only 31.3 percent of the pre-tax income (Table 7). To achieve the same relative pre-tax standard of living that the poverty threshold implied in 1964, the 1996 poverty threshold for a family of four would have to be increased by 39 percent—32 percent for a post-tax median.

Table 7
Comparisons of the 1996 Pre-tax Median Family Incomes and
Weighted Average Poverty Income Thresholds for Families
Containing 2 to 6 Persons

Family Size	Median Income	Poverty Threshold	Threshold as % of Median Income
2	\$35,936	\$10,233	.284
3	44,029	12,516	.284
4	51,242	16,036	.313
5	48,100	18,952	.394
6	41,700	21,389	.513

Source: March 1997 CPS Survey, public use tape, tabulations by Center for Labor Market Studies, Northeastern University.

The meager value of the living standards attainable at current poverty level incomes has been implicitly recognized by policy makers at both national and state levels who provide eligibilities for a number of anti-poverty programs at incomes up to 200 percent of the existing poverty thresholds. Table 8 cites the widespread recognition that the official poverty thresholds are outmoded and too low and lists some of the increases in poverty thresholds which have been advocated in the literature.

Table 8
Alternate Justifications for Increases
in the Current Poverty Thresholds

Poverty Line Multiple	Studies Advocating That Multiple
113%	~National Research Council recommendation based on actual consumption expenditures by low income families in 1990-95 ⁴
124%	~1989 Gallup survey asking respondents' judgments as to the amount of income needed to avoid being poor ⁵
145%	~Food spending multiplier raised to four with expenditures which prevailed in 1988 ⁶
148%	~Cost-of-housing-based poverty threshold based on rents paid on two-bedroom apartments at the 45th percentile, with rental expenditures limited to 30 percent of income, a la HUD Section 8 rental subsidy program prior to 1996 ⁷
164%	~Weighted ratio of one-half of pre-tax median incomes of 2-6 person families in the U.S. in 1996 to existing poverty thresholds ⁸
167%	~Ratio of CPU-U adjusted BLS lower living standard budget for urban family of four to poverty threshold
183%	~Responses to 1986 General Social Survey (GSS) of minimum income needed by a family to "get by" in their communities

Since the poverty threshold as derived in 1964 for the average-sized poor family was approximately one-half of the pre-tax median family income of the time, 164 percent of the current poverty threshold would be required to provide the same relative standard of living today. That relationship is confirmed by the fact, as noted, that a similar ratio exists between the current poverty thresholds and the updated value of the BLS lower living standard budget for an urban family of four which ceased publication in 1981. Therefore, we conclude that the existing poverty thresholds would have to be multiplied by 165 percent in order to maintain a meaningful income measure reflecting income changes over the 35 years since a national war on poverty was officially declared by the president of the United States. Table 9 provides estimates of the family incomes which would comprise the poverty thresholds for families of

various sizes at 133 percent and 165 percent of the current poverty thresholds which we will argue should be the appropriate minimum targets for anti-poverty programs, as well as the 200 percent of poverty which we believe should be accessible as a family-sustaining income to a two earner family. After all, 200 percent of the current poverty income threshold for a four-person family is equivalent to about 62 percent of the median pre-tax income of four-person families in a day when the average family often struggles to get by economically.

Table 9
1996 Federal Poverty Guidelines
With 133%, 165% and 200% Adjustments

Family Size	Poverty Guideline	133%	165%	200%	*
1	\$7,890	\$10,520	\$13,019	\$15,780	
2	10,610	14,150	17,507	21,220	
3	13,330	17,770	21,995	26,660	
4	16,050	21,400	26,483	32,100	
5	18,770	25,030	30,971	37,540	
6	21,490	28,650	35,459	42,980	
7	24,210	32,280	39,947	48,420	
8	26,930	35,910	44,435	53,860	

Source: Authors' calculations

Anti-Poverty Wage Requirements

Table 10 illustrates the hourly wages a full-time, full-year worker would have to be paid to achieve the expanded poverty thresholds as the only earner in a household. Even with the reforms we propose, training programs on behalf of the disadvantaged and the dislocated are unlikely to enable one earner to obtain the wages necessary to achieve a family income at 200 percent of the poverty income thresholds. However, that goal can be reasonably achieved by a two earner family. We illustrate that fact in the 200% column of Table 10 by assuming one parent working full-time full-year at the cited wage while the other parent is employed half-time, full-year at approximately the federal minimum wage.

Table 10
Hourly Wage Required to Earn 100%, 133%, 165% and 200% of Poverty by Family Size
and Number of Earners, 1996 (assuming 2080 hours annual employment)

Family size	100% of Poverty Single Earner	133% of Poverty Single Earner	165% of Poverty Single Earner	200% of Poverty Single Earner	Two Earners
1	\$3.79	\$5.04	\$6.26	\$7.58	—
2	5.10	6.78	8.42	10.20	\$7.65
3	6.41	8.53	10.57	12.82	9.61
4	7.72	10.27	12.73	15.43	11.58
5	9.02	12.00	14.89	18.05	13.54
6	10.33	13.74	17.05	20.66	15.50
7	12.42	16.52	19.21	23.28	17.46
8	13.89	18.47	21.36	25.89	19.42

Source: Authors' calculations

The wages attained by many JTPA Title II-A trainees in the past do not augur well for placement at above our proposed wage standards, both because the training received by most trainees has not been designed to add substantially to their existing occupational skills and because the occupations chosen for training too often were not those

expected to provide above poverty wages. As noted above, the most consistent shortcoming of past skill training programs for the disadvantaged and displaced has been their concentration on occupations the skills of which could be learned in a relatively short time period and therefore tended to pay relatively low initial wages. The basic economics of human capital investment and occupational wage structures cannot be overturned by an act of Congress. We can only expect trainees to reap what they have sown. Though the costs may be subsidized, the expected returns to investments in training will, at best, be consistent with the resources committed. They may be less but are unlikely to be more. Average training duration under CETA and JTPA in the 1980s, for instance, was around 24 weeks, lengthening into the low thirties during the 1990s but still less than an academic year equivalent. Hence our plea in the earlier document that the impending legislation which has become WIA be dedicated to producing access to jobs at "family-sustaining wages."

Findings in Table 11 illustrate how far JTPA placement wages have been from meeting that income requirement for terminees in various family sizes. Title II-A enrollees are, by definition, economically disadvantaged adults who by and large have limited education and work experience. Title III enrollees are more frequently workers with more substantial experience who were displaced from their regular employment by a plant closing, corporate downsizing, major technological change or international competition. Their training has been on average of no longer duration than II-A training. They just have more skills and experience to begin with and can expect higher placement wages as a result, although often below those that they earned on the jobs from which they were displaced. Even though the median replacement wage rate for Title III terminees who obtained employment at the time of termination was approximately 90 percent, these dislocated workers too fell far short of our income targets, especially as their numbers of dependents rose.

Table 11
Percent of Employed JTPA Title IIA and Title III Terminees With
Gross Weekly earnings At or Above Selected Earnings Thresholds,
by Number of Dependents, (Persons who terminated between
April 1, 1996 and June 30, 1997)

Earnings Level	One Dependent	Two Dependents	Three Dependents
Title IIA			
100% of Poverty	74.4	55.7	29.4
133% of Poverty	46.8	23.8	9.0
150% of Poverty	31.9	15.4	5.8
175% of Poverty	19.1	8.4	2.6
185% of Poverty	14.9	6.8	1.9
200% of Poverty	9.8	4.7	1.1
Title III			
100% of Poverty	85.2	77.2	57.5
133% of Poverty	69.2	53.7	31.7
150% of Poverty	57.8	44.3	25.0
175% of Poverty	45.4	32.4	17.4
185% of Poverty	40.3	29.3	15.1
200% of Poverty	32.1	24.2	11.4

Source: SPIR96 Data, tabulations by Center for Labor Market Studies, Northeastern University. Note: The poverty thresholds for each employed terminnee are those for a family size equal to one plus the number of dependents reported by the terminnee at the time of initial enrollment.

Sadly, only three out of four employed terminees with only one dependent have been placed in post-enrollment jobs which would have enabled them at year-round full-time employment to earn even the current deteriorated poverty level. That has been true of only a little over one-half of those with two dependents and a little over one out of four of those with three dependents. It might be considered unrealistic in current labor markets to expect terminees to be initially placed at wage levels equivalent to the standards of living that a poverty income bought in 1964, though, as we shall argue, the program should not consider its obligations to any enrollee to be complete until at least that level of earnings is attained. But when less than one-half of job-placed terminees with one dependent, one-quarter of those with two dependents and one tenth of those with three dependents can find placement at wages which almost every knowledgeable observer considers to be inadequate

for family support—133 percent of the current poverty threshold—it is past time for serious reform.

There is little justification for a magnified training effort if the primary result is to be only inviting the poor who were deep in poverty to rise to its upper margins, but still remain poor. Therefore, our earlier monograph identified growing occupations paying above the national median wage and accessible with no more than two years of post-secondary training. Based on that availability, we advocated training only for those occupations ultimately offering family-sustaining wages. By that we meant occupations with placement wages at least equal to 133 percent of the existing poverty thresholds with single earner families having the opportunity to rise to 165 percent of the poverty income threshold in a reasonable length of time thereafter, while a family with one full-time employed primary earner and a part-time employed secondary earner could look forward to a combined income at least double the existing poverty threshold. These ambitious but economically desirable and achievable goals were to be accomplished by:

- Training only for occupations in which the incumbents earned such wages
- A case management system in which competent program staff continued to work with and guide enrollees through completion of their initial training and beyond into subsequent periods of work experience and on-the-job training and, if necessary, supplementary classroom training, all in cooperation with employers, until the earnings goals were accomplished.
- Provision of subsistence payments or on-the-job training opportunities, along with employment of other family members, to make family subsistence possible during the lengthened training periods.

Now we must ask, can those goals be accomplished through WIA, and, if so, how?

Chapter Four

WIA's Potential for Overcoming Poverty

On its face, that hope seems to have been thwarted, or at least delayed, by the recently enacted legislation. Congress, despite naming the act it had labored over for three years the Workforce Investment Act of 1998, seems to have forbid using resources from that act to support anything approaching such desired levels of investment in the existing workforce.

Core and Intensive Services

To reiterate in more detail what was reported in the introduction, there is to be established a "one-stop delivery system" of employment and training services. Within those one-stop facilities "core services" are to be made available to all applicants. The core services, according to Title I, Chapter 5, Section 134(d)(2)(A) through (K) of the Workforce Investment Act of 1998 are to be:

- ~ eligibility determination
- ~ outreach, intake and orientation
- ~ assessment of skills, aptitudes, abilities and supportive service needs
- ~ job search and placement assistance and career counseling
- ~ labor market information
- ~ information concerning the effectiveness of alternative service providers
- ~ information concerning the availability of supportive services
- ~ information about and assistance in filing for other related services, and
- ~ follow-up services

According to (d)(3)(A)(i) and (ii), if those core services are not sufficient to enable an unemployed applicant to obtain or retain employment or an employed one to attain or retain a job at a pay rate adequate

to "allow for self-sufficiency," the applicant then becomes eligible for intensive services which, according to (3)(C), are to include:

- ~ diagnostic testing and assessment
- ~ identification of employment barriers and appropriate employment goals
- ~ development of an individual employment plan
- ~ individual and group counseling and career planning
- ~ case management for those seeking training
- ~ short-term pre-vocational services, including development of learning skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training

No Training for the Immediately Placeable

But that seems to be the end of the line for anyone who can obtain any legal unsubsidized employment, no matter how rudimentary and low paid. Section 134 (d)(4)(A)(i) goes on to say that "funds allocated to a local area...shall be used to provide training services to adults and dislocated workers...who have met the eligibility requirements for intensive services...and who are unable to obtain or retain employment through such services." In straight-forward language, those who as a result of core services cannot obtain a job paying enough to provide self-sufficiency are eligible for intensive services, but, apparently, only those who cannot find any job of any kind following intensive services can receive skill training under the Workforce Investment Act. The act contains no provisos about the quality, work hours, pay or working conditions of the jobs involved. Whether the job provides wages consistent with "self-sufficiency" appears to be irrelevant as a criterion for referral to training. The only issue is whether the individual has or has not been able to "obtain or retain employment" in the absence of the training in question. If and only if the recipient of intensive services has not been able to obtain employment without further training, other eligibility questions arise. A one-stop operator or one-stop partner must declare the individual to "(ii) be in need of training services and to have the skills and qualifications to successfully participate in the selected program of training services," and (iii) "must select programs of training services that are directly linked to the employment opportunities

available in the local area involved or in another area in which the adults and dislocated workers receiving such services are willing to relocate." Neither of those latter requirements should pose an obstacle to training access, however.

But that is not all. According to (4)(B), in order to be eligible for Workforce Investment Act training, one must also be "unable to obtain other grant assistance for such services, including Federal Pell Grants or require assistance beyond the assistance made available under other grant assistance programs, including Federal Pell Grants." The Workforce Investment Act is, therefore, the trainer of last resort, with funds available for training only for those who cannot otherwise find jobs or alternative sources of training.

Spending priorities under the act are consistent with a "work first" priority. Access by adults to core, intensive and training services is not limited to those who are economically disadvantaged. However, if funds are limited, as they ordinarily are and certainly will be under WIA, priority among non-dislocated adults is to be given to "recipients of public assistance and other low income individuals for intensive services and training services." A welfare reform priority is implied, though the economically disadvantaged not receiving public assistance are included in the priority. Dislocated workers have access to their own funding and do not face this competition. Nevertheless, for those who can surmount these numerous hurdles, according to (4)(D), training services may include:

- ~occupational skills training, including training for nontraditional employment
- ~on-the-job training
- ~combinations of workplace training and related instruction, including cooperative education (apprenticeship is not cited but should fit the description)
- ~private sector-provided training
- ~skill upgrading and retraining
- ~entrepreneurial training
- ~job readiness training
- ~adult education and literacy
- ~customized training conducted for employers with employment guarantees upon successful completion

This list of training options seems highly diverse and sophisticated, considering its apparent last resort nature. However, it is consistent with the hypothesis that little training will occur for disadvantaged adults, more will be available to dislocated workers, and the designation of skill upgrading and retraining will open the option of training incumbent workers. How to justify the training of incumbent workers with funds from an act restricting training to those unable to obtain or retain employment remains a mystery to which we return later. Perhaps the key will be to declare the incumbent workers to be in danger of losing their jobs in the absence of further training.

Training under WIA is supposed to be provided through "individual training accounts," though there are notable exceptions for on-the-job training, customized training, scarcity of available training providers or the unique needs of special participant populations. It is an interesting assumption that individuals who could not obtain even an unskilled and lowly paid job are sufficiently conversant with labor market options to decide which occupation to prepare for and that they have the necessary education and skill backgrounds to enroll in and successfully complete such advanced training. The voucher supposition need not pose overwhelming difficulties in practice, however. The exceptions to the requirement are rather broad. Besides, it would be a rare training applicant who would not be willing to at least listen to the advice of a counselor or case manager conversant with job content and occupational outlook before making a more informed personal choice. A program operator can ask no more than that.

These issues again highlight the choices noted earlier: to amend the act with a few clarifying words, allow the Labor Department to clarify congressional intent through regulation, or leave it to state and local administrators to incorporate the WIA resources into a broader workforce development plan as best they can.

Where is the T in OJT—and in Job Search Training Too?

WIA provides special privileges for on-the-job training and customized training, governing them by agreement between the one-stop center and employer and therefore exempting them from the requirement that training be chosen by the trainee through an individual train-

ing account. Whether the experience of OJT and customized training exceeds the limited roles they have played in previous employment and training programs remains to be seen.

Table 12 identifies the placement strengths and earnings limitations of on-the-job training as practiced under JTPA. However, that situation need not prevail under WIA. The same can be said of job search training, not separately identified in that table. The employment rate at termination of all OJT trainees was 81 percent, well above the entered employment rates of trainees from classroom occupational skill training programs (67 percent) and basic skills training programs (49 percent). Employment rates of these OJT trainees did differ by length of enrollment, however, ranging from a low of 63 percent for those with less than 160 hours, 88 percent for those with 276 to 366 hours and 90 percent for those with over 520 hours. The lower rates of employment among those with the least hours may also reflect the behavior of those who quit an OJT program before its actual completion and remain jobless.

Table 12
Employment Rates and Wages at Termination, by Hours of
Selected Services Received, Title II-A Individuals Who Terminated
Between 1 April 1996 and 30 June 1997 (SPIR96 Data)

	Employed at Termination	Mean Wage	Median Wage
Total	65.1%	\$7.52	\$7.00
Basic Skills Training Only			
Total	48.8%	\$6.43	\$6.00
Lowest Hours Quintile (<30)	53.5%	\$6.70	\$6.25
2nd Lowest Hours Quintile (30-80)	52.5%	\$6.27	\$6.00
Middle Quintile (80-167)	44.5%	\$6.43	\$6.00
2nd Highest Quintile (167-324)	43.5%	\$6.27	\$6.00
Highest Quintile (>324)	45.9%	\$6.26	\$6.00
Occupational Skills Training Only			
Total	67.5%	\$8.08	\$7.50
Lowest Hours Quintile (<120)	58.2%	\$7.49	\$7.00
2nd Lowest Quintile (120-241)	69.1%	\$7.96	\$7.50
Middle Quintile (241-450)	68.3%	\$7.82	\$7.30
2nd Highest Quintile (450-864)	66.9%	\$8.10	\$7.50
Highest Quintile (>864)	71.9%	\$8.65	\$8.00
OJT Only			
Total	81.1%	\$6.75	\$6.50
Lowest Hours Quintile (<160)	63.1%	\$6.58	\$6.00
2nd Lowest Quintile (160-276)	77.8%	\$7.01	\$6.50
Middle Quintile (276-366)	88.2%	\$6.84	\$6.50
2nd Highest Quintile (366-520)	89.0%	\$6.86	\$6.50
Highest Quintile (>520)	89.9%	\$6.68	\$6.50

Source: PY96 SPIR data files, tabulations by Center for Labor Market Studies, Northeastern University.

Hourly wages of OJT trainees were well below those of job-placed trainees from occupational skills classroom training programs—a mean hourly wage of \$6.75 versus \$8.08 for classroom training trainees. Unlike classroom training program trainees, placement wages are not strongly related to hours of participation for OJT trainees. Those trained for less than 160 hours earned \$6.58 at termination com-

pared to \$6.68 for those enrolled in OJT for over 520 hours, another indication that OJT subsidies really buy jobs rather than training. Longer-term follow-up data for OJT trainees also show less earnings gains over time than for classroom trainees. But those facts do not refute the potential value of on-the-job training; they merely argue for using it wisely. We recommend the following for future OJT activities:

- ~OJT should be accompanied by true occupational skills development and monitored more closely to guarantee that skills acquisition is in fact taking place

- ~The length of training should be tied to expected placement wages at the end of the training period

- ~OJT should be combined more often with classroom training, including both basic skills and occupational training, and in both simultaneous and sequential patterns

Diverse results also have been found for job search training and job search assistance, depending upon the backgrounds of the enrollees. Results have been generally positive for current and former welfare recipients and dislocated workers but the gains in annual earnings compared to control groups have been small—\$200-\$300 in many cases and \$500-\$600 in the San Diego, SWIM and Riverside experiment at best.¹⁰ While these more limited job search training and placement investments often can be justified on a cost-effectiveness or cost-benefit basis, their earnings and income impacts are too small to have any sizeable effect on the economic well-being of low income workers and their families. For those unemployed dislocated workers with a solid set of skills and work experience, immediate placement in a job that will utilize their existing skills is often the best strategy for them and for society. For many other low wage adults and those with limited prior work experience, these limited investments simply cannot be expected to place them on a new and substantially higher earnings trajectory.

Cumulative work experience has been found to exert substantial positive effects on the earnings of adult men and women. Placing participants into full-time jobs that will provide avenues for stable employment is critical. Even a "jobs first" strategy, however, must be combined with post-placement training and education to have substantive long-

term earnings effects. There is substantial risk, given its structure and limited funding, that WIA Title I funds will be devoted primarily to short-term placement strategies through one-stop centers. State Workforce Investment Boards should be challenged to build those resources into long-term human capital investment strategies of their own devising.

Youth Activities

In contrast to the confusion which surrounds the provision of WIA training services to adults, the references to allowable youth activities are well thought through and impressive. A basic appropriation of \$1 billion buttressed by an additional \$250 million for special projects in high poverty areas exceeds that for all adults other than those suffering dislocation. Every State Workforce Investment Board is to include among its members experts in youth services and maintain a subsidiary youth council to guide its youth policies. State and local youth programs are to assess the educational status, skill levels and service needs of each youth and develop an appropriate service strategy for each in accordance with that assessment. Youth programs are required to provide the proven success elements of:

- ~ tutoring, study skills training and instruction, leading to secondary school completion
- ~ alternative secondary school services as needed
- ~ summer employment opportunities directly linked to academic and occupational learning
- ~ paid and unpaid work experience, internships and job shadowing
- ~ occupational skill training
- ~ leadership development opportunities
- ~ supportive services
- ~ adult mentoring, follow-up services, and comprehensive guidance and counseling

At least 30 percent of youth funds are to be devoted to out-of-school youth. At least 95 percent of the enrolled youth must be from low income families with the remainder being youth with special employment barriers other than poverty. A broader window for serving at-risk youth who are not technically disadvantaged would have been helpful

in building comprehensive youth development systems. Successful youth programs have served all youth within poverty-impacted neighborhoods rather than discriminate among youth in reverse accordance with family income. That will apparently not be possible for WIA-funded youth programs, though it may be possible to use other funding sources to enroll youth not eligible under WIA..

Integrating Adult Basic Education and Literacy Programs With Skill Training

Another of the positive aspects of the Workforce Investment Act is its call for better integration between the employment and training services provided under Title I and the adult basic education and literacy programs under Title II. The new act continues to provide a separate stream of funding for adult basic education and literacy programs, but it at least calls for coordination and integration of services between Titles I and II and with other employment and training activities within a state through joint planning and oversight by State Workforce Investment Boards and Local Workforce Investment Boards. There is clear evidence from the national SPIR data bases that a high fraction of the participants in JTPA Titles IIA and III programs in recent years have lacked even rudimentary reading and math proficiencies at the time of enrollment (Table 13). For instance, during program year 1996, 14 percent of Title IIA terminees who received services beyond objective assessment had reading proficiencies below the seventh grade while 24 percent performed below the seventh grade level in math. Those who did not continue beyond objective assessment were even worse off with 18 percent and 30 percent, respectively, lacking reading and math proficiencies equal to the seventh grade level. High school dropouts among the terminees had entered the JTPA system with 29 percent performing below seventh grade level in reading and 46 percent in math. The literacy proficiencies of Title III terminees have been somewhat stronger, with 10 percent reading below the 7th grade and 17 percent performing below the 7th grade level in math. That was partly true because their average educational background was superior, with only 11 percent lacking a high school diploma compared to 23 percent of Title IIA terminees. Of those Title III enrollees without a high school diploma, 32 percent fell below the 7th grade in reading and 47 percent on math, slightly higher than their Title IIA counterparts.

Table 13
Reading and Math Skills of JTPA Title II-A and III Terminees by
Selected Characteristics

	Percent Below 7th Grade Level			
	Title II-A		Title III	
	Reading	Math	Reading	Math
Total	14.8	25.4	9.9	16.8
Objective Assessment Only	17.7	30.4		
Received Services	13.9	23.8		
Male	16.5	25.7	9.8	14.7
Female	14.0	25.3	10.0	18.7
White, non-Hispanic	7.9	18.1	5.4	11.7
Black, non-Hispanic	19.7	32.1	19.2	31.1
Hispanic	22.0	32.1	22.4	27.6
American Indian/Alaskan	15.4	29.0	10.4	19.2
Asian, Pacific Islander	35.1	24.7	26.1	21.7
Under 25	13.0	19.9	9.9	14.2
25-44	14.9	26.3	9.9	17.1
45 and Above	16.7	28.0	9.9	17.0
Less than High School	29.2	46.0	32.2	47.2
H.S. Graduation or Equivalent	12.2	22.2	10.0	18.5
Some College	6.4	12.6	5.8	10.6
Bachelor's and Above	7.7	7.5	2.8	3.2

Source: SPIR96 data, persons who terminated between April 1, 1996 and June 30, 1997.

Yet, despite this high incidence of severe literacy and numeracy deficiencies, only about one out of every five Title II-A enrollees and one out of ten Title III enrollees received any remedial education. In fact, only one out of three Title II-A enrollees and one out of five of those Title III enrollees with reading and math skills below the 7th grade level received such services (Table 14). However, only about one-half of those enrolled in basic skills training were also engaged in occupational skill training (48 percent for Title IIA and 56 percent for Title III), suggesting limited integration between the dual training aspects required for higher level and better paid occupations.

Table 14
Percent of JTPA Terminees Who Received Basic Skills Training
Among those Who Terminated
between 1 April 1996 and 30 June 1997)

	Title IIA	Title III
All Terminees	22%	11%
Reading Skills Below 7th Grade Level	37%	19%
Reading Skills at or Above 7th Grade Level	19%	12%
Reading Skills Missing	20%	5%
Math Skills Below 7th Grade Level	34%	19%
Math Skills at or Above 7th Grade Level	18%	11%
Math Skills Missing	19%	5%
Basic Skills Deficient	29%	17%
Not Basic Skills Deficient	12%	10%
Reading or Math Skills Missing	19%	5%

Also, the placement and wage outcomes for basic education terminees have been quite low. Only one-half of those Title II-A terminees receiving basic skills education entered employment upon termination from the local JTPA system, compared to seven out of ten of those receiving a combination of basic skills education and either classroom occupational training or on-the-job training (Table 15). One could conjecture that either little remediation actually occurred or that which did had little labor market value, absent accompanying occupational skill preparation.

Table 15
Employment Rates and Mean Hourly Placement Wages of JTPA
Title II-A Terminees by Their Basic Skills Training Status
(SPIR96)

Trainee Group	Entering Employment Rate	Mean Hourly Wage
All Terminees	65.1%	\$7.52
Received basic skills only	49.0%	\$6.43
Received basic skills plus classroom training or OJT	69.7%	\$7.26
Received no basic skills training	66.7%	\$7.68

Source: PY96 SPIR data, tabulations by Center for Labor Market Studies, Northeastern University

These facts are critical, considering our recommendations in both *A Fourth Chance for Second Chance Programs* and here that training programs should cease preparing enrollees for employment in occupations paying poverty level wages. The intent is not to screen out the undereducated or the less literate but to enable them more often to qualify for jobs that can provide family-sustaining earnings. Therefore, remedial education and literacy preparation must become an augmented but integral component of the skill training effort. Allocating more Title I funds to remedial education will leave less resources for skill training and reduce the availability of already scarce training opportunities. There is a real need to integrate resources from WIA Title II and state-funded adult basic education and literacy programs in order to maximize the skill training resources available for workforce development. Such integration will require a radical departure in the prevailing practices in adult basic education programs which, in our experience, have few systematic ties to employment and training programs and too often lack any "literacy for the workplace" emphasis. Hence, integration of skill training and remedial education should be a high priority. To guarantee this:

- ~ Governors should mandate joint planning by the state and local agencies receiving funds under Titles I and II of the Workforce Investment Act.

- ~ Title I participants in need of adult basic education and English as a second language instruction should be simultaneously enrolled in Title II programs to the maximum feasible extent possible.
- ~ Title II programs should adopt open entry practices, rely on self-paced instructional techniques, use more computer technology to facilitate such learning and become more outcome-oriented, documenting learning gains on an individual enrollee basis in each area of instruction.
- ~ Insofar as possible, those ABE and ESL efforts should be at the same training sites and fully integrated with simultaneous skill training.
- ~ ABE and ESL efforts should closely accompany and be integrated with on-the-job training and apprenticeship as well as classroom skill training.
- ~ The lead state agencies in both Title I and Title II programs should jointly engage in systematic long-term tracking of trainees, both to document learning gains from enrollment in education programs, as well as employment and earnings outcomes, and to identify needed improvements in techniques and collaboration.

Some of us have noted substantial excess capacity in many ABE and ESL programs, especially during daytime hours. Where that is true, the marginal cost of expanded basic education and literacy enrollments will be quite small. Utilization rates can be improved in many ABE, ESL and literacy programs without appreciably increasing the total costs of instruction. Substantive learning gains cannot be compressed in a short time frame. Retention of knowledge is also more limited when instruction is substantially compressed. Therefore, though basic education and skill training services should be provided simultaneously when the former is needed, basic education services should also be continued as needed after job placement to maintain workplace progress toward our family-sustaining earnings goal.

Allocation Formulas for Training Programs

One of the issues we did not address in *A Fourth Chance for Second Chance Programs* was the design of appropriate allocation formulas for disbursing monies to state and local workforce investment boards under each of the various sections and titles of the act. In a June 1995 publi-

cation in this series, *A Harassed Staffers Guide to Employment and Training Policy*¹¹, we argued that the allocation formulas under both the existing JTPA legislation and the bills that were then being proposed to replace JTPA contained a number of serious shortcomings and should be substantially modified. With minor exceptions, the Workforce Investment Act continues the existing JTPA funding formulas for Titles II-A, II-C and III for distributing money to and among states (Table 16).

Table 16
Elements of National Allocation Formulas for Workforce Investment Activities

Adult Training	Dislocated Worker Training	Youth Activities
1/3 unemployment in ASUs	1/3 unemployed	1/3 unemployment in ASUs
1/3 excess unemployment	1/3 excess unemployed	1/3 excess unemployment
1/3 economically disadvantaged adults	1/3 long-term unemployed	1/3 economically disadvantaged youth
Note: ASUs are areas of substantial employment, i.e., have unemployment rates of 6.5 percent or higher during the past 12 months.		

"Hold harmless" provisions have been relied upon to reduce criticism of the fact that the formula elements are not supportive of the basic missions of the act, create instability in funding flows to states and local areas and are burdened by the statistical unreliability of much of the state and local data involved. The existing Title II-A allocation formula is poorly linked to that title's existing mission and is totally out of synch with the appropriate mission of the new adult training programs. The required data on excess unemployment or in areas of substantial unemployment (an unemployment rate over 6.5 percent) are not statistically reliable at the state level and create steep drops in funding for many low unemployment states which have no areas of substantial unemployment and few areas with excess unemployment. The allocation formulas are also conceptually perverse. The greater the demand for labor and the more likely job placement success, the less the funding available, while funds for training expand just when there are fewer jobs available in which to place those who complete the training. An allocation formula which would make eminent sense for a counter-cyclical public service employment program may be totally inappropriate for support of workforce development activities in the 1990s and beyond.

WIA calls for a two-year national study to determine the appropriateness of the allocation funding formulas for adult training under Title I. While this is a desirable recommendation, needed reforms are readily apparent for each of the above three allocation formulas. The use of unemployment data to allocate dislocated worker program monies among the states is reasonable; however, neither excess unemployment nor long-term unemployment seem to be valid indicators for several reasons. As noted above, excess unemployment cannot be reliably measured, doubly rewards high unemployment areas and creates instability in funding levels. If a state has much excess unemployment, the problem is likely one of inadequate job creation, not structural unemployment. Long-term unemployment cannot be reliably measured with existing state CPS data, particularly under today's low unemployment rate environment where sample sizes on long-term unemployment for most states are very small. The U.S. Department of Labor should consider using unemployment insurance claims data rather than CPS/LAUS unemployment data to allocate monies for dislocated worker programs. The average monthly number of unemployment insurance claimants who were permanently displaced from their previous jobs

should serve as the entire basis for allocating dislocated worker monies to states. A national reserve fund could be used by the Labor Department to provide monies to local areas impacted by plant closings or mass layoffs. The administrative data represent a complete count of the insured unemployed in each state, not a sample, and their use would be supportive of the basic mission of dislocated worker programs.

The allocation formula for youth programs also is poorly linked to the mission and targeting provisions of these programs. Unemployment in ASU's and excess unemployment have no direct bearing on the eligible population for such programs. The allocation formula should emphasize the relative number of economically disadvantaged youth in the state and perhaps the state's relative share of national 16-21 year-old out-of-school youth who are jobless.

Because of these conceptual and statistical limitations, the existing WIA allocation formulas should be replaced to achieve three separate objectives:

- To support the basic mission of each of these programs
- To utilize more timely and statistically reliable data
- To provide greater funding stability for the states

To accomplish those objectives, the existing allocation formula for adult training programs under WIA Title I should be amended as follows:

"Allocations to states under this section will be based on their average share of the nation's annual civilian labor force over the previous two calendar years."

The findings of the monthly CPS household surveys would provide the data for each state's estimated civilian labor force. This simple allocation formula has four advantages. First, the allocation formula supports the new mission of adult employment and training services under Title I, that is, a set of labor exchange and one-stop services serving a much broader base of applicants, even though training may largely be confined to the economically disadvantaged. Second, the formula is quite straightforward, has only one element, is very easy to administer,

and is dependent on easily accessible and timely data. Third, the annual average civilian labor force data are characterized by a relatively low amount of variability as measured by the coefficient of variation (standard error divided by the estimated value of the civilian labor force for each state). Fourth, the formula would provide substantial year-to-year stability in a state's allocation. Civilian labor force shares change only moderately over time but over any given five year period the allocation formula will shift more monies to states whose labor forces are expanding more rapidly.

The existing allocation formula for dislocated worker training programs should be amended in the following manner:

"A state's share of national appropriations under this section of the act will be based on its relative share of the annual average number of UI claimants during the previous 24 months whose last jobs were permanently eliminated as a result of a layoff, a major reduction in force, a plant closing, or a corporate restructuring effort."

These specific members of the unemployed, i.e., permanent job losers, are the primary target group of dislocated worker training programs. The UI claims data capture information on the reasons for the termination. The UI claims data also represent a complete count of the insured unemployed on continuing claims. There typically is no sampling error in this data which is also quite current. The act allows the U.S. Department of Labor to reserve 20 percent of the appropriation for funding state and local areas adversely affected by mass layoffs or plant closings. This national pool of discretionary monies would allow the Labor Department to respond to temporary surges in dislocation in any given set of states..

The existing formula for distributing youth program monies among states should be amended to read as follows:

"Youth program appropriations will be allocated to states based on their relative share of the national number of 16-21 year-old youth in each of the following two groups over the most recent three calendar years:

- ~ one-half on the basis of their relative number of economically disadvantaged 16-21 year-olds
- ~ one-half on the basis of their relative number of out-of-school youth, 16-21 years old, who lack an associate's or higher academic degree."

Allocating youth monies on the basis of these two target groups is considerably more supportive of the underlying mission of youth programs as stated under WIA Title I. Use of three years of CPS data to estimate the size of these two groups at the state level is needed due to the small sample sizes for any one year. However, the use of more recent CPS data is far more appropriate than continued reliance on outdated 1990 census data. The March CPS surveys which include a work experience and income supplement can be used to measure the first group while the monthly CPS surveys can be used to measure the second group. When the findings of the year 2000 census become available early in the next decade, they should serve as the basis for allocating youth program monies.

These proposed changes in the WIA allocation formulas will become relevant only when Congress sees fit to amend the act, but should be discussed during the next two years as the U.S. Department of Labor studies the adequacy of existing allocation formulas.

Evaluating Our Proposed Training Policies

Advocating the preparation of disadvantaged and dislocated workers for employment in higher level occupations incurs the substantial risk of promoting the selection of only those trainees who, though meeting the eligibility requirements of the law, have demographic and human capital characteristics more like the current incumbents of those occupations, thereby screening out the less literate members of the eligible population. Unfortunately, that has clearly been the tendency under JTPA in recent years as Table 17 shows. Those trainees with the weakest math proficiencies in each educational subgroup were the most likely to receive only objective assessment services. For instance, 29 percent of those trainees lacking a high school diploma and possessing less than 7th grade math proficiency received only objective assessment whereas that was true of only 20 to 21 percent of those with math

proficiencies at or above the ninth grade. Other low education terminees received only job search training or basic skills training. The proportion of terminees receiving no more than objective assessment, basic skill training, work experience or job search training varied as follows:

- 55 percent of those lacking a high school diploma and having math proficiencies below the seventh grade
- 35 percent of those with a high school diploma and math proficiencies between the seventh and eighth grades
- 27 or 28 percent of those with 12 or more years of schooling and math proficiencies at or above the ninth grade

Table 17
Education Status and Math Skills of JTPA Title II-A Terminees by Training Status

	Object. Assess. Only	Basic Skills Only	Occup. Skills Only	OJT Only	Work Exp. Only	Other Only	Multiple Training	No Training
Total	25%	7%	35%	6%	2%	3%	15%	7%
<=11 Years, Math <7th	29%	20%	16%	5%	2%	4%	17%	7%
<=11 Years, Math 7.0-8.9	24%	17%	22%	4%	4%	4%	19%	6%
<=11 Years, Math 9.0+	20%	13%	29%	7%	2%	4%	19%	7%
12 Years, Math <7th	28%	7%	29%	7%	1%	4%	17%	7%
12 Years, Math 7.0-8.9	25%	5%	36%	6%	2%	3%	17%	6%
12 Years, Math 9.0+	21%	3%	47%	6%	1%	2%	13%	7%
13+ Years, Math <7th	29%	6%	29%	7%	1%	5%	17%	7%
13+ Years, Math 7.0-8.9	25%	5%	37%	6%	2%	4%	15%	7%
13+ Years, Math 9.0+	21%	2%	45%	6%	1%	4%	12%	8%

Source: SPIR96 data

On the other hand, the proportions receiving occupational skills training tended to rise in accordance with their years of education and their math proficiency. Continuance of this JTPA tendency is not the intent of our recommendations and the temptation must be guarded against. The objective is to work longer and more intensively with

those of lesser qualification and capability to bring them to the point that they can indeed compete in the labor market at more rarified levels.

The intent is not simply to raise the literacy skills and education levels of those admitted into training programs but to enhance the employment and earnings capabilities of those who complete such training. Inevitably, that approach will increase training costs per enrollee and reduce the numbers who can be trained within any specified level of appropriation. Hence, the advocated shift to a higher skilled set of training occupations must be accompanied by a careful evaluation of the impacts of such policy changes to test the following:

- ~ The demographic, socioeconomic and human capital characteristics of those served before and after the shift in the occupational mix of training programs
- ~ The occupational areas in which classroom training and OJT are provided
- ~ The completion rates for these training programs
- ~ Job placement rates before and after the change in the mix of occupations for training
- ~ Placement wages, both hourly and weekly
- ~ The percent of job placements in training-related occupations
- ~ Retention in such jobs 90 and 180 days after initial job placement
- ~ Annual earnings over a three-year period following termination
- ~ The costs per trainee, per job placement, and the wage-weighted placement

Ideally, we should be able to compare the before and after benefits and costs of these training strategies. Longer training for more highly skilled and higher paid occupations will be more costly, but should produce a more favorable stream of economic benefits to workers, employers, and the society at large in such consequences as higher real output, lower cash and in-kind transfers and higher tax revenues at the federal and state levels.

Conclusion: WIA has many weaknesses as a vehicle for promoting family-sustaining earnings among those currently living in poverty or facing that eventuality through job loss. Amendments to the law needed to make that objective more readily attainable have been cited.

Nevertheless, the act as it now reads can be used effectively as an anti-poverty tool by states willing to combine its resources imaginatively with those of other federal and state programs.

Chapter Five

Toward a State-Driven Workforce Investment Policy

WIA Alternatives

A state can choose to slavishly follow the prescriptions and proscriptions of federal laws, irregardless of their consistency with state policies and needs, or, without violating such federal laws, the state can adroitly use the federal resources provided to pursue the state's own policy preferences, including those of workforce investment. The Workforce Investment Act can be perceived as a highly prescriptive law requiring:

- mandatory one-stop career centers
- mandatory progression of services from core services to intensive services to training services
- mandatory individual training accounts (ITA)
- universal access without eligibility requirements
- negotiated performance systems
- strict service provider eligibility requirements

and forcing states and localities into a lockstep system identical throughout the nation regardless of local need. However, from experience emerges the lesson that one size never fits all, especially if the one size pattern was cut in the nation's capital rather than in the field of experience. While emulation works, mandated replication robs local workforce investment programs of the ability to be flexible. And without flexibility, programs lose responsiveness and the ability to adapt to changing needs of workers, jobseekers and employers in the local jurisdiction.

On the other hand, WIA might be viewed as a small bundle of additional resources affording states and local areas windows of opportunity. Many of these windows relate to portions of the law that at first appear to confine and restrain state and local flexibility. For instance:

- One-stops are mandated, **but** local areas may also “make programs, services, and activities...available...through a network of affiliated sites that can provide one or more of the programs, services, and activities to individuals...at an affiliated site that consists of a physical location or an electronically or technologically linked access point; and may have a specialization in addressing special needs, such as the needs of dislocated workers (Section 134(b)).” Thus, multiple options are open.
- Individual training accounts must be used for all training services, according to Section 134(d)(4)(G). Yet the Local Workforce Investment Board can opt not to use ITAs when the “training is on-the-job training provided by an employer or customized training; (or) the local board determines that there are an insufficient number of eligible providers of training services in the local area; or the local board determines that there is a training services program of demonstrated effectiveness offered in the local area by a community-based organization or another private organization to serve special participant populations that face multiple barriers to employment (Section 134(d)(4)(G)).” Proven training programs need not be at risk of destruction by consumer choice. Also, as noted earlier, an ITA constructed at consumer choice but with the advice of a knowledgeable mentor is not a startling concept. Again, the options are many.
- Will mandated universal access—the guaranteed right of every person regardless of their income status to obtain core, intensive and even training services under WIA—rob the poor of desperately needed services? Section 134(d)(4)(E) responds that, even though universal access is required for all services and maintained for core services, “in the event that funds allocated to a local area for adult employment and training activities (and intensive services)...are limited [as when won’t they be?], priority shall be given to recipients of public assistance and other low income individuals for intensive services and training services.” Hence universal access could conceivably absorb all available resources at the core service level, but once past that point, the interests of the poor are protected.

- Though training supported by WIA funds is stated to be available only to those unable to obtain or retain employment without training, the list of fundable training includes skill upgrading and retraining, suggesting that the training of incumbent workers was contemplated by the act's authors. How that apparent conflict in language will be resolved remains to be seen.

These and other exceptions provide windows of opportunity in the seemingly prescriptive wall of mandates the law constructs. These windows of opportunity allow imaginative state and local workforce investment boards (WIB) to let in the fresh air of flexibility and creativity in program design and operations, thus avoiding some of the pitfalls of a nationally-imposed model. What are some of those windows of opportunity if a state or local WIB is driven by commitment to guide each household to the achievement of family-sustaining earnings, herein defined as initial placement at 133 percent of poverty and eventual attainment of 165 percent to 200 percent of poverty, depending upon the number of potential earners?

Resource Availability

It is our basic premise that the employment and training experience has been marred by an inadequacy of funding related to the quantity of eligible applicants for training, leading to short-duration for minimal skills. WIA will not add appreciably to available resources in the foreseeable future, the first fiscal year offering only a small percentage increase in dislocated worker funding, an added \$250 million for competitive youth opportunity grants and no increase over JTPA for non-dislocated adults. Any improvements will have to come in the use made of the WIA funding available and its coordination with other federal and state funding sources.

Exploration of those possibilities should begin with recognition of the small proportions of JTPA funding that ever arrived at the skill training classroom. Under the rules, 77 percent of JTPA Title II-A funding was passed through to the service delivery areas of which at least one-half was to be spent on actual training. However, training included not only remedial basic education and skill training but also case management, assessment, counseling, job search training, vocational explo-

ration, work experience and the use of technology for job preparation. Title III allowed as much as 50 percent to be reserved at the state level for administration of rapid response and basic readjustment efforts in response to major plant closings. Of the at least 50 percent that was to be passed on to the local level, at least one-half had to be spent on retraining, but retraining could include such activities as out-of-area job search and relocation. When Table 2 reveals that nearly one-half of Title II-A enrollees received occupational skill training in a particular year, that does not mean that as much as one-third of the appropriated funds actually arrived at the training institution.

Herein lies a potential WIA window of opportunity for the one-stop career center and its one-stop partners. If a real collaborative working relationship is forged among one-stop partners such as vocational, adult and post-secondary education, state administrators of Temporary Assistance to Needy Families (TANF), the public employment service, administrators of federal and state housing programs, Community Service Block Grant administrators, vocational rehabilitation agencies, and state and local corrections agencies, the aggregate resources available can be substantial. WIA workforce investment systems (Title I) are to include core, intensive and training services, the first category being primarily placement related, the second counseling and the third the acquisition of knowledge and skills. WIA funding can be used for any of those purposes but the act is silent as to the distribution of expenditures among them. At the same time, Wagner-Peyser funds are the traditional support for what WIA calls core services. The equivalent of WIA's intensive services can be and is supported by education, vocational rehabilitation, Wagner-Peyser and TANF monies. Occupational and related training is a major assignment of federal Carl Perkins and other vocational and technical education support, Pell Grants, vocational rehabilitation and so forth, with even larger input from state and local education budgets, private schools, colleges and universities, and private employers. Working through the memorandums of understanding required of one-stop partners under the act, suppose one state chose to spend its WIA allocations on core and intensive services, relying on education funds to support training. Another might rely on its one-stop partners for labor market information, placement, counseling and testing services, remedial basic education and so forth and conserve its WIA funds to be spent on classroom occupational skill training, leaving

on-the-job training to cooperating employers. Thus, despite its training as a last resort structure, under the right circumstances the portion of available funds allocated to skill training after WIA might turn out to be larger in many states than was true with JTPA.

Any other combination is possible. A few states have begun investing some unemployment insurance trust fund moneys in training on the presumption that the incidence and duration of unemployment is reduced thereby and monies saved. The Massachusetts legislation committing up to \$20 million per year from the UI trust fund for incumbent worker training is an example. There is also a wide range of state legislative appropriations and other revenue sources allocated to education and training for special groups. Also, if the state is to buy into the longer-term, higher wage objective, more attention will have to be given to such necessities as child care and family subsistence. Only at the state and local level can all of those sources be coordinated and targeted toward workforce development.

A State-Driven System

Thus, WIA may create an enhanced ability for a state to shape how workforce development programs are designed. The opportunity exists for the state to use some of its newfound influence to encourage and push local areas to provide more intensive and extensive training and education services at the local level supported by local education funds. One of the key leverage points in shaping the entire system is the state's role in developing the overall performance accountability system. In this new system specified by WIA, the state is the middleman, negotiating with Local Workforce Investment Boards and local elected officials for the establishment of local performance outcomes and then negotiating with the federal government for the state's performance levels. For example, the core indicators of performance are:

1. Entry into unsubsidized employment
2. Retention in unsubsidized employment six months after entry into the employment
3. Earnings received in subsidized unemployment six months after entry into the employment
4. Attainment of a recognized credential relating to achievement of

educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment or by participants who are eligible youth 19 through 21 who enter post-secondary education, advanced training, or unsubsidized unemployment.

By placing a higher level of incentive payments on standards three and four and a lower level on standard number one, the state sends a clear message that education and training is desirable. By further defining what constitutes "a recognized credential" in a way that encourages longer-term endeavors, the state can strengthen the signal that intensive training and educational services are important.

But the state role relative to the performance system may extend further. Section 136(b)(2)(C) of the act empowers the state to adopt additional performance measures. Specifically, the law states: "A state may identify in the state plan additional indicators for workforce investment activities authorized under this subtitle." Additional indicators could be designed that are more directly related to training and education. For example, the state could adopt an additional indicator that measures the relative proportion of resources spent on training and education. It could use an indicator that focuses on the length of training as a proxy for encouraging training intensity. Training in occupations shown by occupational employment statistics to carry, on the average, wages commensurate with chosen earnings targets or placement at such wages are alternative performance measures encouraging the desired choices by program operators. There are literally hundreds of specific options available for states that will send the message as to what local performance is expected to achieve. What soon-to-be-released federal regulations will do to specific ones of these options remains to be seen, but overall there is no reason to expect the state's ability to use the performance accountability system to shape local programs to be diminished.

Comparing the distribution of funding under JTPA and WIA provides another indication of the additional state leverage made possible by the new act. (Table 18). This example assumes that a state that obtained \$40 million under JTPA will obtain the same overall level of

Table 18
How the Money Flows at the State Level

JTPA				WIA			
	Funding	State Part	Admin.		Funding	State Part	Admin.
Total	\$40,000,000			Total	\$40,000,000		
Title II-A	12,000,000			Adult	12,000,000	\$1,800,000	\$600,000
Title II-C	2,000,000			Youth	12,000,000	1,800,000	600,000
Title II-B	10,000,000						
State Set-Asides							
8% Ed.		\$1,120,000	\$56,000				
5% Admin		700,000	700,000				
5% Older							
Worker		600,000	30,000				
5% Incent		700,000	70,000				
Title III	16,000,000			Dislocated			
				Worker	16,000,000		
				State			
Governor's				Allocation		2,400,000	800,000
Reserve		6,400,000	320,000	Rapid			
				Response		4,000,000	
Formula				Formula			
Allocation		9,600,000		Alloc.	9,600,000		
Total		\$9,520,000	\$1,176,000	Total		\$10,000,000	\$2,000,000
				Gain/Loss		\$480,000	\$824,000
						5%	70%

funds under WIA. But, while the overall level of funds will remain the same, the governor will gain control of approximately 5 percent more of the total. WIA will furthermore offer a huge 70 percent gain in the administrative funds that are potentially available to the governor. Moreover, the state will gain a newfound flexibility in the use of funds under WIA. With JTPA, the state funds were carved up into little parcels that had very targeted purposes. Not only does WIA essentially pool all of the governor's money, it even provides the governor with the ability to merge the funding streams. For instance, governors who may want to prioritize youth activities can use their share of adult money for more youth programs and vice versa. This provides the governor with many options such as:

- using state funds to directly operate education and training programs in cooperation with local WIBs
- directly channeling funds to local WIBs for education and training, or
- establishing a pool of state challenge grant funds for locals to tap into who agree to provide more training and education services

Of course, WIA offers an essentially fixed pot of money, allocated to the state based on criteria already discussed. Therefore, the governor's gain is the local WIB's loss. Table 19 illustrates differences between JTPA and WIA flows at the local level. While the local areas lose only a minor amount of their total resources, they suffer a huge decrease in funds available for administration. But often opportunity is born of misfortune. There is no prohibition against a state sharing its administrative funds with local areas within the state nor is there any legal obstacle to exacting a price for that sharing. That price could well be a commitment from the locals for a higher level of expenditure for education and training, not only of WIA dollars but other resources as well. This is only one example. The point is that, under the new legislation, the state has the power to use its administrative role and its newfound fiscal flexibility to shape local program design.

So, Is Training To Be The Last Resort?

That brings us full circle to the argument that WIA is driven by a work-first philosophy which discourages training, relegating it to the position of service of last resort. A tri-level service structure that involves three distinct levels of service—core, intensive and training—is required in each local area. A person starts out at the core level and, if unable to obtain a job (or one commensurate with self-sufficiency) passes to the intensive level and then, if still unable to find employment, into eligibility for training services. The goal of each of these levels is to assist the customer to obtain a job. By requiring that people undergo each level of service as a condition for eligibility for the next level *de facto* means—given the current state of the national and most local economies—that most people will obtain jobs and never reach the training services level. But that does not necessarily mean that WIBs and one-stop operators will be required to force people to take any job regardless of how it effects their abilities to support themselves and their families in the future. It is unlikely, though not impossible, that Congress will, at an early date, readdress WIA and change the offending training services language as herein recommended. If not, such may occur at the next time the act is given congressional attention. It is less unlikely that the Department of Labor will use its regulation writing assignment to define the obstacle away.

But assuming no change in the existing language within, say, the next two years, what risks might a state face if it took the matter into its own hands? States, for instance, require recipients of unemployment compensation to search for and accept jobs, but administratively limit that obligation to jobs having some reasonable relationship to the recipient's normal employment, both by occupation and earnings. Can such precedent be applied to tie the WIA training limitation to a job that provides for self-sufficiency in some sense? If a state were to define employment in (4)(A) terms to necessitate a wage at least equivalent to the poverty line on a full-time, full-year basis, what federal auditor would have the authority to penalize application of that definition? What court would be likely to deny the state's right to that definition as long as federal WIA regulations do not define the term in counter fashion? As another option already noted, the (4)(D) listing of training services available under WIA includes "skill upgrading and retraining."

Figure 19
How the Money Flows at the Local Level

JTPA				WIA			
	Funding	Local	Admin.		Funding	Local	Admin.
Total	\$40,000,000			Total	\$40,000,000		
Title II-A	12,000,000	\$9,240,000	\$1,848,000	Adult	12,000,000	\$10,200,000	\$1,020,000
Title II-C	2,000,000	1,640,000	328,000	Youth	12,000,000	10,200,000	1,020,000
Title III	16,000,000			Dislocated			
				Worker	16,000,000		
Gov. Res.	6,400,000			Rapid			
				Res.	4,000,000		
				State			
				Alloc.	2,400,000		
Formula				Formula			
Alloc.		9,600,000	1,440,000	Alloc.		9,600,000	960,000
Total		\$30,480,000	\$5,116,000	Total		\$30,000,000	\$3,000,000
				Gain/Loss		-\$480,000	-\$2,116,000
						-2%	-41%

Who are to be the recipients of those services? Obviously, those recipients would have to be incumbent workers. Why not then accept a work-first job at low wages and then undergo skill upgrading and retraining to prepare for advancement in that workplace or transfer to another at higher wages? The courageous state or local WIB will identify many such opportunities and many clever state and local staff are probably already laying awake nights exploring alternatives.

A Dose of Reality

But a dose of reality offers other alternatives. With the potential demand for core, intensive and training services posed by the youth population, welfare reform, immigration and other workforce challenges cited earlier, the appropriations likely for WIA cannot begin to meet the services needed. JTPA's enrollment of 1 percent of those eligible, already noted, will be even further diminished because everyone is eligible. Every WIA dollar could well be spent just covering core and intensive services with little if any left for training the most under-prepared of the unemployed. The issue of training incumbent workers or providing longer-term training for advanced occupations with WIA funds need never arise. That state which does not choose to challenge the interpretation of the act's language can just as well use WIA funding for those services clearly within congressional intent and rely for longer-term and more advanced training on Carl Perkins, Pell Grant and state-funded sources. The essential state commitment should be that no worker willing to make the effort to upgrade his/her skills should be denied the opportunity to do so, state appropriations or loan funds supplementing federal resources to the extent necessary to make that possible. No state economy will suffer in the long-run from such a policy, given demonstrated returns on human capital investments. Once again, the one-stop and its partnerships offers a promising vehicle for joint decisions under that cooperative approach.

Chapter Six

Rescuing Our Fourth Chance Recommendations

Our January 1998 recommendations addressed the family-sustaining earnings goal in the context of proposed legislation then before the United States Congress. How applicable are those recommendations following the passage of the Workforce Investment Act? Recommendations from *A Fourth Chance for Second Chance Programs* are provided in italics, followed by discussion of their continued vitality.

The Vision

"Where there is no vision the people perish; but he that keepeth the law, happy is he." The biblical author should have added, "Where there is vision, the people flourish."

We noted the absence of a meaningful statement of findings and purpose in either of the bills then before the House and Senate. WIA subsequently emerged with no overall statement of purpose and only general and sometimes vague and conflicting statements of purpose for various subtitles. These provide little if any meaningful guidance for those at the state and local level charged with implementing the act. For instance, the statement of purpose for the Statewide and Local Workforce Investment Systems subtitle of Title I—Workforce Investment Systems asserts only that:

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.

That general statement of purpose, except for the reduction of wel-

fare dependency clause, seems to be out of synchronization with WIA's apparently strict limitations of training to those not able to be placed in jobs through the use of core and intensive services. However, the absence of a national mission statement opens the way for each state to develop its own more specific and comprehensive mission statement with clearly articulated goals and objectives. Each state is required by the act to develop its own five-year state plan. Each such plan should include a statewide mission statement that will more clearly articulate the goals and objectives of the state and local workforce investment systems, the strategies to be employed to achieve those goals and the performance measures that will be used to track state and local progress. As we emphasized in *The Fourth Chance for Second Chance Programs*, those goals should focus on high skill, high wage employment outcomes consistent with family-sustaining incomes. Doing so will require some combination of:

- amending the act to allow training for those whose skills are inadequate to achieve self-sufficiency
- writing rules and regulations that will substantially soften, if not eliminate, the current limitations on training access
- developing state-level policies which integrate WIA with other federal and state-sponsored workforce development to provide adequate training and work experience

The Formula

The essential formula is for each state to:

1. *Assure that its first chance education system is as sound as possible and serves the educational needs of students from all walks of life.*

The Workforce Investment Act does not address this recommendation, but it is relevant to, though not limited to, the second chance which follows when the first chance fails. WIA provides separate funding for adult literacy and education programs and the statement of purpose notes that activities under the act's Title II should help prepare enrollees for employment and self-sufficiency. However, the act does not provide a definition of self-sufficiency. The educational and literacy proficien-

cies required to gain access to jobs which could meet proposed wage standards should be identified by each state. Existing national studies based on the National Adult Literacy Survey which attempt to relate literacy and numeracy proficiencies to specific occupations should be consulted in this regard.¹²

2. *Tailor an out-of-school, out-of-work youth program to fit local circumstances guided by the principles set forth in A Generation of Challenge.*¹³

The principles espoused for youth programs in that volume in this series were:

- Personalized mentoring of each youth by at least one adult who has a strong stake and interest in the youth's labor market success
- Related to the employment objectives of such initiatives, the program must have:
 - ~Strong and effective connections to employers
 - ~Among its highest priorities placement of the young person into a paid position with one of those employers as soon as possible
 - ~The initial placement should be viewed as a first step in a continuing long-term relationship between the youth and the program to advance the young person's employment and income potential
- Provide to the youth at each step of the way the opportunity and the means to improve his or her educational, skills and training certification
- Provide support and assistance over a substantial period of time which may involve several jobs or further education and training, including on-the-job training
- Maintain for the youth effective connections with external providers of basic supports such as housing, counseling, medical assistance, food and clothing
- Maintain an atmosphere buttressed by specific activities that emphasize civic involvement, community service and leadership development and discourage engagement in criminal activities

The Workforce Investment Act does not require the application of such principles for its youth programs but facilitates such an application by requiring a Youth Council subgroup to each Local Workforce

Investment Board, a youth portion to each local plan, and recommendations and coordination of youth activities across the full array of service deliverers. Indeed, *The Generation of Challenge* principles are clearly reflected in the declaration of purpose under Section 129: Use of Funds for Youth Activities:

- (1) to provide to eligible youth seeking assistance in achieving academic and employment success, effective and comprehensive activities, which shall include a variety of options for improving educational and skill competencies and provide effective connections to employers;
- (2) to ensure on-going mentoring opportunities for eligible youth with adults committed to providing such opportunities;
- (3) to provide opportunities for training to eligible youth;
- (4) to provide continued supportive services for eligible youth;
- (5) to provide incentives for recognition and achievement to eligible youth; and
- (6) to provide opportunities for eligible youth in activities related to leadership development, decision-making, citizenship and community service.

Missing is only the preference that such youth programs encompass all youth who are both out of school and at risk rather than be limited to youth from families with poverty incomes, especially in light of the previously identified deterioration of the income standards represented by the existing official poverty levels.

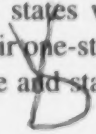
3. *Add substantive state funds to devolved federal training funds, assuring that neither tuition costs nor a shortage of education and training slots will ever stand in the way of a needed second chance at employability development. A state match to expanded federal training funds, including the waiver of tuition at regional vocational centers and community colleges, could be required with such foregone tuition counted toward that match. Allow disadvantaged youth and disadvantaged and dislocated adult workers access to training supported by Carl Perkins funds as well as by what have been JTPA funds.*

The Workforce Investment Act did not address this recommendation,

but there is nothing in federal law to prevent a state from doing what is recommended. Carl Perkins funds can be used for training disadvantaged and dislocated workers as long as they enroll in education institutions and programs supported thereby. The main difference is that Carl Perkins funded vocational education is usually of longer duration with more academic content than that funded by JTPA and its predecessors. However, that is all to the good if the trainee has the financial staying power to make the longer duration of training possible. Access to Pell Grants and other financial supports makes that a viable alternative. The objective is to make possible sufficient skill training to allow a greater proportion of the participants to qualify for well-paid jobs. WIA is clearly intended to be no more than subsidiary to this long-term objective. However, the (4)(B)(i)(II) language opening the WIA door to those who "require assistance beyond the assistance made available under other grant assistance programs" certainly invites ingenuity in either parallel or sequential packaging of various resources in pursuit of the long-run goal of self-sufficiency for each individual willing to be mentored to it.

In the absence of such ingenuity, the new act might be destined to become the trainer of last resort for those limited to such last resort training. Its provisions may require state initiatives to maintain or rebuild training momentum. A number of states, including most recently Massachusetts, have passed legislation authorizing the use of certain portions of unemployment trust fund moneys to be allocated to various types of employment and training activities, particularly for incumbent workers. The Massachusetts legislature passed a bill over the governor's veto, eventually allowing up to \$20 million per year to be used for "incumbent worker education and training." Notably, the inclusion of "skill upgrading and retraining" among the training services authorized by Section 134(b)(4)D) implies that WIA funds can also be used for incumbent worker training. However, with the limited monies likely to be available under the Workforce Investment Act and the priorities given welfare reform-related training under it, states which want to mount a meaningful second chance training program for others among the unemployed and those out-of-the labor force, as well as current job incumbents, will have to launch and fund their own workforce investments as well.

4. *Provide at one-stop career centers the availability of knowledgeable and perceptive case management from compassionate and able people who know the passwords to the available resources and the realities of the job market and have the support of the employers who drive that market. These case managers must be effective labor market intermediaries, not just psychological counselors or bureaucratic paper shufflers.*

The act requires the development of one-stop centers in all states but it is silent on how they are to be organized or staffed. As noted in two recent Levitan Center publications, *The Emerging Workforce Development Systems* and *The Public Employment Service in a One-Stop World*,¹⁴ those states which have developed one-stop centers on a pilot basis have generally moved in a case management direction. That is, they have attempted to recruit or train staff knowledgeable about the full range of services available to their clients and dedicated to helping them tailor a package of services to meet their long-term needs and guiding them until career jobs at target family-sustaining wages have been attained. The term, case management, is often subject to misinterpretation. What is sought is not staff who can manage other people's lives but knowledgeable counselors who have all of the relevant information and the finesse to fully portray alternatives, offer encouragement and motivation, and assist the client to make his or her well-informed personal decisions. Mentoring is more relevant than managing. Recruiting, training and retaining such staff with the desired expertise is no small assignment. The one-stop system has not yet been adequately evaluated and several states which have moved in that direction are struggling to make their one-stops effective. Nevertheless, the one-stop concept is a sound one and states should persist until they have turned the vision into reality. 

Case management as defined here is a reasonable complement to the inclusiveness of service access contemplated for the one-stops. The Workforce Investment Act encourages the long-term case management approach in its Section 129 (b)(3) and (c)(1) and (2) youth activities. Section 134(c)(4)(G), Use of Individual Training Accounts, also could be used for that purpose, though its actual purpose is to facilitate vouchering, itself a suspect and unproven approach when applied to the disadvantaged. Nevertheless, there is no reason that an Individual

Training Account developed by an individual who has been guided by a knowledgeable and effective case manager should not be as realistic as dictated enrollment in a course of study designed by staff without trainee consultation. Nothing in the act seriously impedes the development of an effective case management and mentoring system, leaving the choice to the states and localities for whom it is an appropriate challenge.

5. *Enlist the cooperation and support of private and public employers in providing meaningful on-the-job training in response to wage subsidies, apprenticeship training accompanied by publicly supported related instruction, and unsubsidized internships, allowing these to be interspersed with periods of classroom training, and offering mentoring from supervisors and more experienced employees until the formerly disadvantaged new employee is thoroughly integrated into the workplace.*

A reasonably broad definition of allowable training services is presented in the act. Training services under the act are defined to include occupational skills training, on-the-job training, customized training and programs that combine workplace training with related instruction. OJT and customized training are freed from limitation to individual trainee choice through Individual Training Accounts. Hence this recommendation is facilitated though not required.

6. *Be provided with additional federal funds to elicit employer support for this intensified on-the-job training initiative, including apprenticeship, allocating current JTPA funding for classroom skill training activities which will be interspersed with it.*

This proposal was not addressed by WIA, but is certainly within the reach of any state which wanted to use WIA funding for OJT and other resources for classroom training, or vice versa. The important point is to make remedial basic education, classroom training and OJT partners rather than alternatives. Throughout the experience of MDTA and CETA, and more recently under JTPA as noted in Table 3, on-the-job training has resulted in higher placement rates but lower placement and follow-up wages than classroom training. The high placement rates have been achieved by simple retention once placed on the job, but the

lower wages for OJT terminees and the absence of any substantially positive relationship between placement wages and length of training are an indication that the OJT process has been more involved with "buying" a job for a disadvantaged worker than persuading an employer to prepare a disadvantaged or dislocated worker for a skilled job.

One of the basic problems in extending OJT has been employer reluctance to make the hiring commitments required unless confronted by tight labor markets. Other concerns have been the reluctance of many program operators to develop the staff capabilities needed to implement any extensive OJT effort and the vulnerability to federal audits. Training program operators have also been at fault in that, as long as all of the available funds could be used for classroom training, they had little strong reason to persuade employers to undertake OJT. Having some funds allocated specifically to OJT would provide that incentive, especially at the current low unemployment levels. Aggressively pursuing sequences of classroom and OJT would likely reduce employer reluctance as well as improve the quality of the training since the employer would not have to take on a totally unskilled employee and provide the most rudimentary and expensive initial exposure. That would also mean that OJT could be used for higher level occupations, more akin to apprenticeship, rather than its frequent role of subterfuge for subsidized hiring for low-skilled jobs. Under WIA, states are not prevented from alternating classroom and on-the-job training and should do both to provide a source of subsistence for trainees undergoing longer-term training and to improve the quality of training.

7. *Bring adult remedial education funds into the state workforce development entities to assure the integration of such education into the employability development process and greater accountability for the performance of such programs.*

As noted earlier, basic education by itself under MDTA, CETA, JTPA and welfare-to-work activities has not often been found to have significant positive employment or earnings impacts. Many eligible participants under JTPA Title II-A and II-C programs have limited reading and math skills but do not receive basic education during the course of their participation. Many who received basic education did not have

it integrated with skill training where it would be most productive. The new act did not require adult education and literacy authority to be transferred to state workforce development agencies, but they were at least brought under the purview of state and local workforce investment boards, perhaps to facilitate cooperation with the education agencies responsible for such services. However, integration will never be adequate until the second chance skill training and second chance education are planned and administered under common authority. Since federal legislation is unlikely to accomplish this purpose, states should assure the integration of the basic education and literacy with skill training under the act and should also devise means for evaluating the joint results of such efforts. Exercising the unified state plan choice offered by WIA Title V Section 501 would be a step on the way.

8. *Identify in consultations between jobseekers and case managers those occupations for which preparation is attainable after no more than two years of post-secondary education and training, yet pay is adequate for initial placement at 133 percent of the poverty line with advancement to 165 percent to 200 percent of poverty over reasonable periods of time. Where such earnings levels are impractical under local labor market conditions, establish and pursue maximal income targets consistent with prevailing earnings circumstances.*

This was our key recommendation, designed to turn JTPA and its successors into a source of training that would prepare workers for family-sustaining wages. The occupations capable of producing those earnings levels within achievable training durations are listed in Appendix I. Unfortunately, the act's current training provisions for adults discourages rather than encourages this goal. The limitation that training occur only when "core" and "intensive" services short of training fail to result in placement based on the individual's existing skills would imply that, as long as low-skill and low-wage jobs exist, only those who cannot qualify for even the most rudimentary entry-level job can be trained. Of course, a state could choose to enroll those unplaceable candidates and train them as long as necessary to prepare them for higher wage occupations. However, it would be necessary for most of those to include some work experience in a long training sequence, while those already placeable at prevailing but low wages would be precluded from upgrad-

ing their skills through WIA funding. Carl Perkins Act, Pell Grants or other state funds would have to be used for such trainees. We earlier proposed that rules and regulations should be developed allowing states to identify family income levels consistent with economic self-sufficiency and authorize the training of persons currently not qualified to earn such an income, rather than limiting training to the nonplaceable. Absent that, we have recommended approaches by which states can achieve adequate workforce investment goals, despite WIA's limitations. WIA funding would never be sufficient to carry the load at best. Pursuit of adequate earnings capability must enlist a wide range of resources into which WIA can be usefully fit.

9. *Put together for each individual able and willing to make the required effort for a second chance at a family-sustaining income a package of remedial education, classroom and on-the-job training, work experience and subsistence payments capable of achieving that long-sought goal.*

As noted, this could be done by state choice but only for those adults not capable of being immediately placed in any occupation. However, one reason for this recommendation was recognition that many disadvantaged adults and dislocated workers are precluded from longer-term training for lack of subsistence income while undertaking training. One of the commendable provisions of the Workforce Investment Act is the authorization for "needs-based payments" if a state chooses to use some portion of its allocations for that purpose. Some combination of subsistence payments, including UI benefits for those whose jobs have been permanently eliminated, greater use of Section 30 training provisions that allow an extension of UI benefits for those enrolled in approved training courses, and interspersing of on-the-job training with classroom training will be essential if any but public assistance recipients and those in families having other earners are to be trained. Making subsistence payments contingent upon outstanding performance in education and training activities is an approach worthy of testing. Similarly, all trainees receiving extended UI benefits should also be required to meet prescribed attendance and performance standards in order to receive such benefits while enrolled in training.

10. *Continue case management, counseling and job placement*

services as long as desired by the recipient until the long-term objective of a family-sustaining income is achieved.

Though clearly not required by the law, there is nothing in the act's provisions to prevent a state from following this policy, though it must be recognized that per enrollee costs would likely rise, requiring either reduced enrollment levels or supplementation with state funds. In the absence of sustained and higher levels of training investments, no local or state workforce investment board can expect to appreciably impact the long-term earnings of participants. Too often, desired earnings outcomes are not realized due to unrealistic expectations about the impacts of limited training investments. This can be seen in the recent U.S. General Accounting Office national study of JTPA earnings impacts for adults in Title II-A programs. This 1996 study focused on the post-program employment and earnings experiences of adult men and women and out-of-school youth who were assigned to JTPA Title II-A programs but may or may not have enrolled in and completed training. Five years of post-program earnings data were collected from Social Security earnings records and compared with the earnings of a randomly assigned control group who were denied JTPA services but often received education and training services from other programs. The following conclusion was reached by examining the statistical significance of the differences in annual earnings during the fifth post-program year:

Five years after expressing an interest in JTPA-sponsored job training, individuals assigned to participate in the program did not have earnings or employment rates significantly higher than individuals not assigned to participate.¹⁵

That conclusion was published despite the fact that the earnings differences for female participants were positive and statistically significant for each of the five years, whereas the earnings differences for males were positive for all five years but only statistically significant for the first four of the five years. No attention was paid to the cost-effectiveness or economic efficiency of the limited investments in adults. In contrast, 30 month post-program estimates by ABT Associates of benefits and costs of JTPA Title II-A programs for men and women showed statistically significant positive net benefits for both participants and society.¹⁶ Over-expectation is also involved.

Average net training costs per assignee for the JTPA study were only \$670 for men and \$860 for women because of the short training durations, the high proportions of assignees who did not receive training, and the relatively high fraction of control group members receiving services elsewhere. Therefore, the annual average \$540 earnings margins for women and \$536 for men over that received by the controls constituted a 54 percent and 96 percent return on investment, respectively. Private sector returns on human capital investment, in contrast, generally average around 10 to 15 percent.¹⁷

11. Use public assistance stipends to support single parent families while the family head undertakes full-time classroom training, interspersing that with paid work experience and on-the-job training to extend the time period of available income support as well as gaining needed skills. Seek federal funding for a system of performance bonuses to help support families of trainees ineligible for public assistance while engaged in full-time classroom training which can also be interspersed with on-the-job training and periods of paid employment, both for work experience and family subsistence. Clarify and maintain the availability of Pell Grants for employability development efforts on behalf of those otherwise eligible.

Use of WIA funding for financing training is specifically prohibited under the act if the individual is eligible for Pell Grants. However, WIA monies can be used to supplement Pell Grants in a variety of ways other than providing training if necessary. For instance, WIA funds could be used to provide needs-based payments at the same time Pell Grants were being used to support classroom training. Also, the two funding sources could be used for serial training sequences on the way to more advanced occupations. The remainder of this recommendation is not addressed by the current act, being neither specifically authorized nor prohibited. The state can do as it pleases, whether using federal funds or augmenting those with state funds. The Pell Grant issue would only seem to arise when Workforce Investment Act training is undertaken in an educational institution entitled to administer Pell Grants, notably community colleges and proprietary schools, and when the participant is eligible for both funding sources. Training programs run by many community-based organizations and other non-degree granting institu-

tions are often not eligible for Pell Grant use. However, the community colleges and private technical colleges are also the institutions most likely to provide the longer-term, higher-skill training we advocate. Of course, there is nothing to prevent states from enrolling some participants in training programs that will be funded under the Workforce Investment Act and others with Pell Grants. The congressional authors apparently thought of public assistance recipients, especially those receiving cash benefits under TANF, as the primary targets of WIA training with most undertaking training of short duration. Pell Grants were apparently considered to be the resort of more traditional students from low income families pursuing academic degrees. They failed to recognize that the nature of current and projected occupational demand and its impact on the wage structure lessens that distinction if economic self-sufficiency at incomes above existing poverty thresholds is in fact the target. Longer-term training and education is becoming essential to gain access to jobs at family-sustaining wages.

12. *Consistent with a self-reliance objective, provide subsidized public or private earnings opportunities at the existing poverty threshold for those not capable of being prepared for unsubsidized employment while relying on the 20 percent exemption under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Supplemental Security Income and state general assistance provisions for the few who cannot be employed even under those conditions. The overriding goal of all workforce development programs, however, should be to maximize employment opportunities for all of those able to work.*

This appeal for subsidized employment and income support as the really "last resort" was not within the tenor of the times nor within the focus of the drafters of the Workforce Investment Act. There is, however, a clear need for states to consider how to address the income requirements of those not able to obtain employment under prevailing labor market conditions, even following remedial basic education and skill training. Some states, including Minnesota and Wisconsin, have utilized subsidized jobs for welfare recipients, and a few states are experimenting with wage subsidies.¹⁸ Even in good economic times, there are local labor markets characterized by high unemployment with few job prospects for the economically disadvantaged. This issue will

become even more pressing as the national economy slows and fewer new job opportunities become available.

Legislative Changes

To bring this vision to reality, the Senate and House conference committee in early 1998 will have to reach important compromises on their 1997 workforce development legislation. Both bills have their strengths and weaknesses. The Senate bill lacks the vision of stated findings and purposes while those specified by the House have too much concern for program consolidation and too little for long-term enrollee outcomes. The Senate bill has the provisions needed to allow the state to adapt each trainee's program to the individual's and the job market's realities. The House bill is more constructive in specifying a meaningful planning process and an adequate evaluation of outcomes. Both appropriately rely heavily on the emerging one-stop career centers which offer a locale for the case management advocated herein.

The act as passed provides for individual training accounts which would lend themselves to the individualized approach advocated in our monograph. However, the potential value of that particular feature, as so much in the act, is seemingly blocked by the apparent denial of training opportunities to anyone capable of being placed in any existing job. Section 134(c)(4)(F)'s reference to "consumer choice requirements" indicates voucher expectations. We are aware of no solid evidence from past experience supporting the effectiveness of vouchers as a positive force in the training of disadvantaged workers or even of dislocated ones. However, the act's language does not require vouchering. It only requires that consumer choice be "maximized" and that the local boards make available—the act does not say to whom—the state's list of eligible providers. There is ample room for counseling to assist both dislocated and disadvantaged workers to make wise choices of training provider and training occupation, subjects upon which too many of the marginally employable who are the act's focus will be uninformed. The consumer choice language is unlikely to dissuade jobseekers from welcoming such advice as offered. The state plan requirements of the bill are admirable and can and should be supplemented by state and local requirements. These could include the establishment of rigorously defined state and local goals whose attainment can be measured with

proposed performance measures and standards, the establishment of specific criteria regarding eligibility for training and the attainment of self sufficiency, specified requirements for information on the desired annual and weekly earnings level of terminees and required information on current and projected employment by occupational category and skill needs to guide the selection of occupational areas for training.

All existing restrictions in both bills should be reconsidered to assure that they serve essential purposes and do not block desirable local flexibility. For instance, no useful purpose is served in saying that those engaged in skill training are not simultaneously eligible for Pell Grants.

Perhaps enough has been said on this topic already. The targets should be (1) to maximize the funding available to improve the employability of those already out of school and confronting a job market which has not been kind to the undereducated and less literate, and (2) provide funds to support the subsistence of those trainees with substantial responsibilities for the financial support of themselves and other family members. Not all applicants for training will meet the income eligibility requirement of Pell Grants and not all training providers will be certified to educate and train those who do. The important objective is not to add to the obstacles which already exist, but to encourage innovative uses of alternative funding streams to support an expansion of high quality training.

Nor should any obstacle be imposed to packaging their various funding sources such as average daily attendance education funding, juvenile justice funding and free tuition to public postsecondary training institutions along with any federal funding source relevant to workforce investment, whatever the age and socioeconomic status of the recipient.

Since the act is silent on any funding source outside of the WIA appropriations, other than Pell Grants, joint planning using those supplementary funding sources is unimpeded and left to state discretion. The option is left open to state and local initiative to undertake truly system-wide planning of training activities. In fact the state unified plan offered by Section 501 of Title V is just such an invitation.

Adult education and postsecondary vocational education monies

should be integrated with the federal workforce development monies and overseen by state and local Human Resource Investment Boards and Councils.

The Workforce Investment Act requires that the planning for adult basic education be coordinated with the activities of the same State Workforce Investment Boards which plan for skill training. Integration is not required but is certainly facilitated. The integration or even joint planning of vocational education expenditures with Workforce Investment funding was not required by the new act because of the heavy and effective political opposition of vocational education forces. Section 224(b)(11) of the act's Title II calls for a state plan for educational and literacy training activities under the act that will provide a "description of how the adult education and literacy activities...will be integrated with other adult education, career development, and employment and training activities in the state." This planning, however, is most likely to be undertaken by a state educational agency, not by the State Workforce Investment Board. Pell Grant administration is also not subject to review by State Workforce Investment Boards, but closer monitoring of the use of such grants would be desirable. Governors will need to take a strong stand to guarantee integrated joint planning to make all of the disparate pieces fit together. There is nothing in the act to prevent states from doing exactly what we had recommended if political resistance can be diverted. Title V's invitation to undertake a unified state plan is an open road to the type of integrated planning advocated.

Current federal JTPA II-A funding should be devoted to classroom training with states adding the guarantee that no one be denied training for lack of personal funds or the unavailability of federal funding.

That recommendation made sense only in connection with the counterpart proposal for separate but equal funding for on-the-job training. Actually, as noted, the effect of allowing WIA Title I funds to be spent on core and intensive placement services as well as training is likely to result in less funding being available for either classroom or on-the-job training. Within the limits of what is left after core and intensive services have been funded, a state can make its own choices as to how much of the remainder to spend on classroom and on-the-job training. More

relevant would be a state choice to invest more of its own funds in training of both types.

Performance bonuses should become an authorized use of classroom training funds.

These performance bonuses were contemplated as a device for simultaneously providing economic incentives for solid trainee performance and providing a source of subsistence payments. Legislative silence on the topic might prevent use of federal training funds in this desirable way, though there is no apparent reason that the needs-based payments allowed in the act could not be tied to trainee performance. There is also nothing to stop states from providing their own monies for participant performance incentives and using them for subsistence purposes.

An amount equal to the current II-A funding should be authorized and appropriated to underwrite on-the-job training and apprenticeship which should be aggressively pursued and integrated with adult basic education and classroom skill training.

This is still a worthy goal to be pursued at both federal and state levels. The tight labor markets of the present offer a unique opportunity to more actively involve employers and unions in the integration of classroom and workplace training to the advantage of all. Such coordinated and integrated efforts, however, have been seldom achieved under past second chance training programs.

The language of the act emerging from conference should be consistent in every way with the above vision.

Amen. It was not, but amendments and clarifying regulations are possible. Absent those, states will have to adapt adroitly to use WIA funds in concert with state resources and other federal programs to accomplish their own workforce development ambitions.

Though foregoing detailed federal regulation and supervision of program design and administration, states and localities should be required by that legislation to:

1. *Develop state and local plans analyzing existing labor market developments and problems of residents, including unemployment, dislocation, underemployment and inadequate individual and family earnings. Incorporate in those plans the occupational employment outlook, the emerging skill requirements of jobs and the implications for workforce development programs. With federally-provided technical assistance, improve state and local labor market information systems, including both household and establishment surveys and analysis of administrative data and eventually develop the data bases to produce estimates of labor market hardship.*

The state planning requirements described in the act do not mention anything about an analysis of existing labor market problems of the residents in state or local labor markets, the incidence of such problems among key demographic and socioeconomic groups, the identification of income and earnings inadequacy problems, or the wage levels of jobs by occupation and industry. The labor market information (LMI) requirements for state plans consist almost entirely of demand side measures with no accompanying analysis of the supply side. There is no required analysis of the nature, magnitude or causes of existing labor market problems. Section 309 of the Workforce Investment Act calls for the development of a number of the desired employment statistics, but provides no additional monies for improvements in the existing state and local LMI systems. State Current Population Survey samples have deteriorated during the 1990s such that many of the employment and unemployment items called for cannot be reliably measured with existing survey and administrative data. All of that cries out for remedy.

Hence, a few of the components called for, especially those related to current estimates and future projections of employment by occupation and the skills needed to gain access to these jobs, are specified for the five year state and local plans required by the act. None is forbidden. It is the state's responsibility to go beyond the minimum planning requirements of the act in order to clearly define the labor market problems to be addressed by the programs funded under the act, the types of employment and earnings outcomes anticipated, and the performance measures that will be adopted to track progress in achieving the desired

outcomes for participants over time.

2. *Analyze recent occupational employment developments and make realistic short, medium and longer-term projections of the occupational employment outlook in the state and selected substate areas by pay scale and skill preparation requirements, assisted by federal technical assistance to assure the quality of the effort.*

Though the act does not specifically require all of this, much of it is apparently contemplated by the state plan requirements of Section 112(b)(4). The expertise exists at the federal and state level to accomplish this recommendation and the U.S. Department of Labor has the legal authorization to provide technical assistance upon request, whereas the states have the legal right to undertake the prescribed tasks on their own initiative.

3. *Formulate their own specified wage and earnings as well as employment targets designed jointly with their employer communities. Such standards should be consistent with national wage and earnings performance standards, though adapted to state and local labor market conditions. States should be required to specifically document their reasons for choosing earnings targets below the 133 percent placement target and the 165 percent and 200 percent longer range targets advocated here. However, at a minimum, those state outcome targets should be required to include an initial placement wage at least sufficient to exceed the poverty threshold for the state's average size family based on full-time, full-year employment of a single earner, should identify and designate as an ultimate goal for each enrollee a family sustaining wage attainable by a single earner under prevailing local conditions, and should guarantee to continue case-managed, individualized guidance and service until that ultimate program target is attained.*

These activities are not required by the law, but states can formulate earnings targets for their programs as long as they meet minimum national performance standards to be developed by the U.S. Department of Labor. Unemployment insurance wage records are available in nearly all states by Social Security number, making the required quarterly

and annual earnings measurements for individual workers relatively simple and low cost but essential to a meaningful program evaluation. There is a clear need, however, for states to share employment and earnings information from the UI wage records to improve the coverage of earnings data on terminees who seek employment outside of the state.

There is also a need to derive performance measures for adult education and literacy programs funded under Title II. Section 212 (B)(2) of the act identifies a set of core performance measures which must be compiled by each state agency receiving funding under the act. The core measures must include the following:

- ~ Gains in reading, language, math, critical reasoning and other literacy skills during the course of participation in the program. Specific testing instruments for assessing such literacy and numeracy gains are not identified in the act. Uniformity in such testing instruments should be sought within each state.
- ~ Obtaining a high school diploma or its equivalent such as a GED certificate
- ~ Placement in or retention in an unsubsidized job, post-secondary education or training program

States are allowed to supplement these core measures with their own measures. These requirements, if strictly adhered to by each state, would represent a substantial improvement in the existing base of knowledge on literacy outcomes and diploma/GED outcomes from adult basic education programs. Most states do not seem to be able to rigorously identify the immediate post-program status of their terminees or the literacy improvements that occurred during the course of participation. Additional tracking of terminees from adult basic education and literacy programs is essential if anyone is to know their worth and how to improve upon the performance. Hence:

- ~ All persons participating in an adult basic education or literacy program as part of a workforce development investment under Title I, along with those placed in unsubsidized employment upon termination from basic skills programs under Title II, should be tracked for no less than six months and preferably for three years following their initial date of employment through UI wage

records in order to identify their employment and earnings experiences.

- ~ All persons who terminate from an adult basic education program and go on to enroll in further education and training should be tracked by a state lead educational agency until they have completed such programs.
 - ~ Findings of such evaluation efforts should be prepared on an annual basis by the lead state agency and be shared with the governor, the State Workforce Investment Board, and Local Workforce Investment Boards as part of the annual planning process.
 - ~ Participants performing in an exemplary manner in such adult education programs should be provided with incentive bonuses and be given preferential access to available post-secondary education and training programs. Personal responsibility should be a fundamental component of each activity and merit should be rewarded at each step along the way.
4. *Employ and train case managers capable of performing the crucial intermediary role of guiding applicants in choosing appropriate occupations, establishing their own employment and earnings targets, identifying needed services and appropriate service deliverers, and negotiating a long-term track combining, where necessary, classroom and on-the-job training and work experience until those family earnings targets are attained.*

Again, this is not required but states can and should choose to engage in much more demanding case management and long-term tracking of the labor market experiences of terminees. Section 136 of the act calls for tracking employment and earnings outcomes of Title I terminees for up to six months following placement. Section 136 (b)(2)(C) allows states to supplement the core indicators with their own set. Adequate statistical evaluation of the long-term effectiveness of training programs would require at least two or three-years of tracking with UI wage records. Adequate case management also would require periodic personal contact to ascertain progress and assist with problem solution until the target earnings are attained from what appears to be reasonably secure employment.

5. *Demonstrate diligent effort and reasonable progress toward accomplishment of those objectives, maintaining follow-up contact and support with each enrollee until the earnings targets are achieved for each individual.*

The Workforce Investment Act requires states to establish a performance measurement system for most activities under Titles I and II. Under Section 136, Performance Accountability System, the act specifies several "core indicators of performance" including six month follow-up measures for employment status and earnings. The specific earnings measure to be applied is not defined, leaving open the question as to whether it should be weekly, monthly, quarterly or the entire six months. States are allowed to and should supplement these measures, using UI wage records to track the quarterly earnings and employment status of all training program trainees for up to three years of post-program experience. Longer term earnings measures are needed to properly identify the earnings trajectories of individuals who receive longer duration training.

6. *Install and maintain a common management information system to be prescribed by the U.S. Department of Labor. That MIS system should require reporting of the characteristics of those served, the types of services received, the short-term employment and earnings outcomes and long-term tracking of employment and earnings for no less than three years following termination. Maintain an outcomes evaluation system capable of following a sufficient sample of enrollees over a long enough period of time to assure that those long-term goals are being accomplished.*

The existing national JTPA SPIR data reporting system is an example of the desired enrollee and trainee characteristics that the management information system (MIS) should report. As to reporting duration, Section 136's six month tracking requirement falls far short of this proposal. The Wagner-Peyser UI-based quarterly earnings data could provide the base for the required long-term follow-up data system. Any state could, on its own, comply with this recommendation. The major obstacles are absences of the necessary will, lack of interagency agreements over sharing the data, and some additional administrative expense for the tabulation and analysis of the data. Without a federal

requirement and additional funding a state is confronted with opportunity costs. Though the value of the information would be high in the long run, pressing alternative needs for funding and staff resources would have to be bypassed to pay the costs of providing and analyzing this data. We are confident that any state which does so will find the information well worth the cost and provide the accountability for the long-term performance of the state workforce development system, but compliance is more likely if made a federal requirement.

Drawing upon 36 years of experience, it is possible for the long-promised remake of workforce development programs to meet that challenge. It will not be done easily or cheaply. But 1998 offers the unique combination of economic and budgetary circumstances to make it all possible, if only the political will can be found. But if the federal government does not rise to the challenge, every state already has the authority to make every change advocated in policy and practice.

Whatever the limitations of the federal legislation of 1998, no state is prohibited from becoming convinced of the merits of these recommendations and moving on its own. Toward that end, we provide an updated set of recommendations, offering a second chance at building a sensible fourth chance system for upgrading the quality of the nation's workforce while at the same time putting a family-sustaining income within the reach of more labor market participants.

Chapter 7

Toward a Second Chance for a Fourth Chance at Second Chance Programs

One change has high priority and others are desirable in the language of the Workforce Investment Act of 1998:

1. The WIA Title I language for adult programs allowing training only for those who cannot be placed in any job could and should be changed. The simplest and most direct route would be to modify Section 134(d)(4)(A)(i) to read:

(A) IN GENERAL.—Funds allocated to a local area for adults...shall be used to provide training services to adults and dislocated workers, respectively—

(i) who have met the eligibility requirements for intensive services under Paragraph (3)(A) and who are unable through such services to obtain or retain employment that allows for self-sufficiency.

Picking up the “self-sufficiency” phrase from the intensive services language would make paragraphs (3)(A) and (4)(A) consistent and allow training operators to serve all of those disadvantaged and dislocated workers otherwise unable to qualify and obtain jobs providing the family-sustaining earnings which are the essential alternatives to working poverty. Even better would be to specify economic self-sufficiency and add “as defined by the State Workforce Investment Board in its five year plan.” With that legislative authorization, the Labor Department could, by regulation, define “self-sufficiency” as 133 percent or 165 percent of poverty or allow states to select their own defensible specification of family-sustaining earnings. As an alternative to legislative amendment, DOL, with informal congressional acquiescence, could define “employment” in (4)(A)(i) to mean employment at a self-sufficiency level or above-poverty earnings levels.

2. Absent one or the other of the above approaches to remedying unfortunate legislative language, each state could and should launch its own independent workforce development crusade, utilizing federal programs as resources in ways consistent with state objectives. The primary objective of that state workforce development initiative should be raising the earnings of every possible household to a target income consistent with living standards considered acceptable in that state. For that purpose, we recommend 165 percent of the current poverty thresholds as the end goal of the workforce investment for the single-parent family and 200 percent for the two-earner family, adjusted by existing state and local differences in living costs, particularly shelter. WIA funds should then be used for core and intensive placement services, for initial remedial education and short-term training for the otherwise unemployable, for needs-based payments for subsistence during training, and for other desirable legal use of the monies. Other federal and state funds would have to be tapped to provide necessities such as child care in order to make longer-term training possible. For those currently employable only at deficient wages or to continue case-managed progress for the completers of the initial remedial education and training components, other federal funds such as Pell Grants, Carl Perkins allocations and state-provided education and training funds and student loans should then be relied upon to guarantee that no one willing to make the effort to improve their earnings potential is denied the opportunity to do so. The end goal of each case-managed training effort should be to prepare the applicant for employment in occupations offering wages commensurate with those target incomes.
3. The Office of Management and Budget should determine or the Congress should require by legislation federal poverty guidelines in keeping with current standards of living, national mores, and variations in the cost of living across states and local areas. We will address that issue in a forthcoming monograph, defending the concept of a poverty threshold having a fixed relationship to median family incomes and adjusted for local cost of living differences. Those income guidelines would determine program eligibility and measure progress in achieving the economic goals of this and other related acts.

4. The authors of the Workforce Investment Act recognized potential limitations of the existing JTPA allocation formulas for allocating monies to the states and local areas under the adult training provisions and under Section 171(c)(2)(B) directed that there be a two-year study leading to improvement of those formulas. However, the act does not recognize equal shortcomings in the proposed allocation formulas for dislocated worker and youth program activities. Concerns over data reliability, data timeliness, and appropriateness of the proposed elements of the funding formulas for these two program components are equally serious. The Labor Department should add those considerations to the study and make recommendations for improvement of those as well.
5. Simultaneous use by some states of JTPA funds and Pell Grants was primarily intended as a device to provide subsistence in the absence of stipends. However, Section 134(e)(2) allows "needs-based payments" to "adults and dislocated workers" in the absence of unemployment insurance benefits. That can be interpreted as a source of subsistence stipends for those who cannot undertake training without some such support. The language forbidding WIA funding to anyone eligible for Pell Grants or other grant assistance will be a problem only if it is interpreted to disallow enrollment in WIA-funded training as long as there is training of another kind or in other occupations available under other funding. That Labor Department regulation writers will reach such an unduly restrictive interpretation seems unlikely. Allowing WIA funding of on-the-job training and of classroom training not funded locally from other grant assistance to be sequenced with related training available from other funding could contribute substantially to the longer-duration, higher occupational level training we advocate.
6. Federal statements of vision and purposes for the act would be useful but not essential. In their absence, as part of the state planning process, each state should develop its own well-defined mission statement, including a specific set of state goals and objectives related to the expected state and local outcomes from programs funded under each major section of the act: adult training,

youth, dislocated workers and adult basic education. State specific performance measures for each of these programs, going beyond the core performance measures specified in the legislation, also should be built into the state plan.

7. Whether or not the federal government chooses to redefine poverty income thresholds, each State Workforce Investment Board should determine what it considers to be an adequate family-sustaining earnings level under the economic conditions existing within that state and undertake only those education and training programs which can be expected to lead ultimately to placement and retention in occupations offering such earnings, once a minimum period of work experience and appropriate training has been acquired.
8. Each state plan should identify the available and projected occupational employment opportunities in the state and local areas which can achieve the desired wage outcomes. Training, education and literacy/numeracy requirements for entry into these occupations should be identified along with documented training paths and the past success rates of training providers in obtaining access for trainees into such jobs.
9. Governors and State Workforce Investment Boards should insist on improved integration of adult basic education and English-as-a-second language training with occupational skill training and on-the-job training to facilitate training for higher-paid occupations.
10. Each state plan should spell out the expected roles for adult education, classroom training, post-secondary education and apprenticeship training in preparing workers for the targeted occupations. Each state should either authorize the use of unemployment insurance trust fund monies for training support or make direct appropriations of general state tax revenues for that purpose in order to supplement the limited federal appropriations under the Workforce Investment Act. In practice, all available federal and state-funded occupational training programs for out-of-school adults should be jointly planned and integrated so that

the optimum variety and quality of training can be provided for the optimum duration for each trainee to achieve earnings adequate to meet individual and family needs.

11. Every state, under the guidance of its Youth Council adjunct to its State Workforce Investment Board, should design and introduce throughout the state programs for out-of-school and at-risk youth and young adults consistent with the principles of *A Generation of Challenge* and meeting the requirements of WIA Title I Chapter 4.
12. The core performance measures for Title I training programs for adults and dislocated workers should list the expected occupational employment and earnings targets to be achieved at time of termination and the required six month follow-up. All trainees should be tracked for no less than three years with available UI wage records for that state and neighboring states to identify their longer-term employment and earnings experiences and their success in achieving family-sustaining earnings levels. An annual report on accomplishments should be prepared by the State Workforce Investment Board in close collaboration with Local Workforce Investment Boards.
13. State funds should be provided to support on-the-job training, and greater use of WIA funds should be made for that purpose, but only when the cooperation of private and public employers in the state can be enlisted to intersperse periods of classroom and on-the-job training, apprenticeship and internship in the pursuit of those occupations offering family-sustaining wages as herein defined.
14. The need for economic subsistence during training should be recognized, and combinations of unemployment insurance, public assistance, needs-based payments, performance bonuses, apprenticeship, compensated on-the-job training, temporary and part-time employment and earnings of other household members should be marshaled to make training of the needed duration viable. Child care will need to be part of that package for many families.

15. Each state at its one-stop centers should provide the services of effective case manager/mentors to guide eligible applicants in their choices of occupational objectives, their selection among training alternatives in pursuit of those objectives, and personal support through all of the subsequent stages of their preparation, including possible multiple job placements, until they have attained and become secure in jobs capable of providing wages that can achieve the earnings targets.

To repeat, drawing upon 36 years of experience, it is possible for the long-promised remake of workforce development programs to meet that challenge. It will not be done easily or cheaply, but 1998 offered the unique combination of economic and budgetary circumstances to make it all possible, if only the political will could be found. That year not having fully met its potential, 1999 awaits. The elimination of one congressionally-imposed obstacle is highly desirable—the prohibition of Workforce Investment Act-funded training to those capable of attaining even the most rudimentary jobs. The language changes needed are relatively simple, and the time for doing so is adequate if expeditiously addressed in the early months of the 106th Congress, or in the current rules and regulations process. With informal congressional approval, the Labor Department could address the need by defining employment regulations pertinent to relevant sections to mean employment at reasonable wages. If neither of those possibilities emerge, the states will have to compensate by using other federal and state resources to support training in occupations leading to adequate earnings. Other changes in federal legislation are desirable but not essential. If the federal government does not rise to the challenge, every state already has the authority to make every other change advocated in policy and practice.

Preparation for employment at family-sustaining wages is a reasonable goal for second chance workforce development programs.

Let's do it.

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